FINANCIAL TIMES

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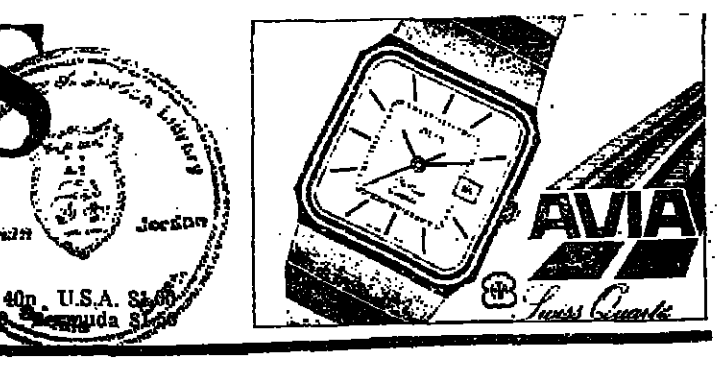


WORLD NEWS

Yard probes fire bomb murders

Scotland Yard's anti-terrorist squad was investigating a possible political motive for a fire bomb attack on a house in East Ham, London, which killed three Tamil men from Sri Lanka.

Home Secretary Douglas Hurd said he was deeply shocked by the incident. Community leaders said it a racial attack. Sri Lanka, Page 2

S Africans kill 39

South African forces moved into southern Angola and killed 39 guerrillas in a training camp being used by the South West African People's Organisation. S. Africa companies fight sanctions, Page 3

Philippines unrest

The murder of militant trade union leader Rolando Olalia has thrown the fragile Philippines government of Mrs Corazon Aquino into another crisis. Aquino into another crisis, Page 2

Acid rain agreement

The US, Canada and 25 European nations agreed to form a pact to reduce nitrogen oxide emissions from cars and factories, which contribute to acid rain.

CND faces change

A proposal to bar supporters of the nuclear energy programme from CND will be debated at its annual conference which begins in Blackpool today.

Wapping hopes recede

Hopes of a settlement of the dispute at News International's plant in Wapping, east London, receded with the company and print workers hardening positions. Page 6

Observer to pay Stark

Actress Koo Stark won undisclosed damages against The Observer and journalist Peter Hillmore over an article which implied that she had improperly sought personal publicity and other advantages from her friendship with Prince Andrew, now Duke of York.

Boy given transplant

Ben Newlove, 5, from Penmaenmawr, north Wales was recovering last night after a heart and lung transplant at Harefield Hospital, Middlesex.

Knowsley action

Action to disband and reorganise Knowsley North Labour Party is certain following Labour's successful defence of the seat at Thursday's by-election. Page 4

Woman jockey dies

Jayne Thomson, 22, who was top woman jump jockey two seasons ago, died from injuries received in a fall at Catterick races last Saturday.

West hit by floods

Torrential rain brought flooding to parts of Devon, Cornwall and West Wales, blocking roads and leaving thousands of acres of farmland under water.

Train crash deaths

At least eight people died when a train hit a bus at a level crossing in Yugoslavia.

Koch dies in prison

Nazi war criminal Erich Koch, sentenced to death 27 years ago for his part in the murder of 4m east Europeans during the Second World War, died aged 90 in a Polish prison.

Rock solid

Geologist Richard Crane, 32, from Hull, became the first Briton to be named Outstanding Young Person of the World by Junior Chamber International.

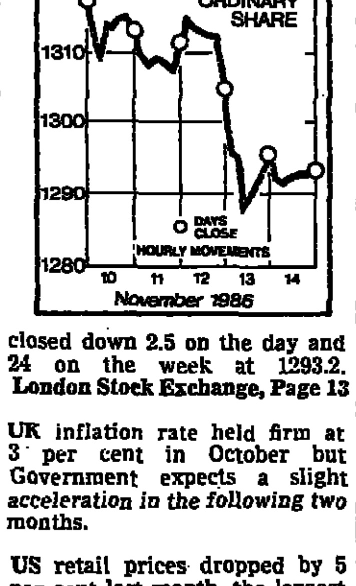
BUSINESS SUMMARY

Boesky fined $100m for illegal deals

WALL STREET arbitrageur Ivan Boesky will pay $100m (£79m) to settle federal civil charges that the used insider information from Dennis Levine, the Securities and Exchange Commission said.

Boesky would pay back $50m in alleged illegal profits and another $50m as penalty in the largest settlement. The previous biggest was $12.5m.

EQUITIES were helped by a steadier performance of the pound. The FT Ordinary Index



closed down 2.5 on the day and 24 on the week at 1293.2. London Stock Exchange, Page 13

UK inflation rate held firm at 3 per cent in October but Government expects a slight acceleration in the following two months.

US retail prices dropped by 5 per cent last month, the largest fall in nearly 20 years, the US Commerce Department reported.

OPEC: the pricing committee was last night moving towards agreement to restore rates to between $17 and $19 a barrel as soon as possible, against its current rate of $14 to $15, at a meeting in Quito, Ecuador.

EXCO: Two directors of the financial services group resigned after a series of defections from the company's Far East stockbroking subsidiary.

STOTHERT & PITT, loss-making Bath cranemaker taken over last month by Robert Maxwell, sacked its chief executive. Back Page

TSB: More than 20 people suspected of making illegal multiple applications for shares in last month's flotation will be referred to the fraud squad. Page 4

MAI, financial services and media group, moved to establish a substantial lead in the outdoor poster market with a £26.2m cash takeover bid for London & Continental Advertising, a financially troubled rival. Back Page

CHINA has signed a £410m contract with the Soviet Union for 10 210 Mw power units as part of a larger, generating equipment deal. Back Page

JAPAN: Four leading securities houses have shown record earnings for the year ended September 30, the fourth in succession, with pre-tax profits up 65 per cent on the previous year. Page 11

SEA CONTAINERS, Bermuda-based containers, ferries and port operator which owns Sealink, reported a net loss of $1.6m (£1.1m) for the first nine months of 1986, against a $44.2m profit a year earlier. Page 11

BRITISH & Commonwealth Shipping, financial services and transport group, made an agreed takeover bid for Steel Brothers Holdings, overseas trading group, valued at £90m. Page 10

LABOUR PARTY plans for industrial intervention will not be forced on companies, said shadow industry spokesman John Smith. Page 4

Channon introduces insider dealing laws ahead of schedule

BY CLIVE WOLMAN

MR PAUL CHANNON, the Trade and Industry Secretary, announced yesterday that tough laws to facilitate investigations into insider dealing would take effect from midnight, almost two months ahead of the date planned.

Mr Channon announced this in a reply to Mr Bryan Gould, Labour's shadow Chief Secretary to the Treasury. In a letter on Thursday, Mr Gould commented about the enforced resignation of Mr Geoffrey Collier on Monday as securities chief of Morgan Grenfell after admitting dealing on the basis of confidential, inside information.

Mr Channon said in his letter: "I take as serious a view as you do of what Mr Collier is alleged to have done."

The powers for investigators of suspected insider dealing, granted by the Financial Services Act, were to have come into force in early January. They will allow inspectors appointed by the Trade and Industry Secretary to examine on oath any person whom he considers may have relevant information and to compel witnesses to answer questions under threat of punishment for contempt of court. The inspectors will also have the power to compel the production of documents.

The Stock Exchange last night denied that Mr Collier had made allegations of insider dealings against "several fund managers" to an exchange investigation panel. The Financial Times reported yesterday that he was threatening to do so. The however, that Mr Collier had answered fully all questions put to him.

The exchange said it could not comment on suggestions that those questions dealt with allegations that other people were involved with insider dealing. Mr Collier said yesterday that he was also unable to comment.

exchange's statement added. Other moves to tackle fraud are contained in the Criminal Justice Bill also published yesterday. There are wide-ranging provisions to improve detection and trials in fraud cases in line with most of the proposals made by the Roskill Committee in January.

The bill will overhaul the laws of evidence in all trials and will give the courts greater powers to confiscate the proceeds of fraud and other lucrative crimes. It also set up a Serious Fraud Office under a director with wide powers of investigation.

Reforms in the rules of evidence and procedure are expected to be passed without strong opposition. The only controversial provision will require the defence in complex fraud trials to outline its case in proposed pre-trial hearings before the jury is sworn in. In complex fraud cases these hearings will replace committal proceedings.

Among other proposals the most politically controversial is expected to be that which accepts the Roskill proposal to end a defendant's right to challenge individual jurors without showing good cause. The Labour opposition has argued that this right can be used to ensure a defendant is tried by a jury which is more representative of ethnic minorities.

Another proposal would repeal the requirement that a foreign government has to prove a prima facie case against a defendant under UK law before he can be extradited. The proposal is designed to speed and simplify extradition trials. The Government believes it will secure goodwill from foreign governments and make it easier to win the extradition of suspected criminals to the UK.

The powers to confiscate the proceeds of crime are more limited under the bill than those granted to the courts in the last parliamentary session to deal with the proceeds of drug-trafficking. In particular, the assets of a criminal that can be pursued by the courts are more limited and there is no reversal of the burden of proof which can require a convicted drug-trafficker to prove that certain assets do not belong to him.

However the Government is

Continued on Back Page
Banking bill details and other bills, Page 4; Editorial comment, Page 8; Victim of a harsher climate, Page 9; Banking law inquiry, Back Page

Pressure on Baker to accept teachers' pay deal

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE GOVERNMENT was last night under strong pressure to accept the terms of an agreement emerging from week-long talks between the teaching unions and local authority employers in England and Wales.

The agreement, which could bring an end to disruption in schools, was expected to meet the Government's main objection to a negotiated settlement by phasing the cost of full implementation over ten years.

The Education Department said speculation that Mr Kenneth Baker, the Education Secretary, was pulling back from his threat to impose a settlement was without foundation. But there was little sign yesterday of the Government's previous antipathy towards a settlement negotiated on the employers' terms.

The agreement was expected to be signed by at least four of the six teaching unions, and determined efforts were being made last night to win acceptance by the two dissident organisations.

After six days of slow negotiations in Nottingham and London, events moved rapidly yesterday with the Secondary Heads Association and the Professional Association of Teachers joining the National Union of Teachers and the Assistant Masters and Mistresses Association in favour of the emerging agreement.

The National Association of Head Teachers and the National Association of Schoolmasters/Union of Women Teachers, the second biggest union, remained uncommitted late last night. However, the Labour-led employers were telling them that they would be seen to be in favour of imposition of a deal by the Government, if they failed to sign the agreement.

Previously, the Government had argued that the terms being discussed were unacceptable because they failed to give sufficiently high salaries to good, senior and specialist teachers, and because the cost of the employers' concessions on service conditions was too high.

However, when the final draft of the agreement was produced yesterday, it was seen to be more heavily phased and therefore less expensive than the Government had expected.

Mr Baker had threatened to impose the Government's preferred salary structure and contract terms, if any agreement was unacceptable and exceeded the £490m a year cost of the 16.4 per cent two-year deal he has offered.

However, imposition of the deal would have meant difficulties over teachers' contracts, which are with local authorities. In addition, the employers were expected to win popular support for their agreement because it would mean smaller classes and more teachers in schools.

Perelman in $5bn Gillette bid

BY CHARLES HODGSON IN NEW YORK

MR RONALD PERELMAN, one of the most aggressive players in the current wave of US takeover activity, yesterday bid $4.9bn (£3.43bn) for Gillette, the razor and consumer products group, and forced Transworld, the hotel and restaurant chain, to set about liquidating itself.

The $65-a-share offer for Gillette follows weeks of heavy activity in the company's shares.

The moves by Mr Perelman, 43, who won control of Revlon, the US health-care and beauty-products group, after a bitter $1.8bn takeover struggle last year—ends a hectic week for takeovers on Wall Street.

Recent tax-reform law came into force at the year's end and cutting tax benefits on company takeovers, is thought to be partly responsible for the surge of acquisitions and corporate restructuring operations.

The offer for Gillette is being formally made by Orange Acquisition, a partnership between Revlon and Macandrews & Forbes, an investment group also owned by Mr Perelman. Orange Acquisition owns about 13.9 per cent of Gillette's outstanding shares.

Gillette shares rose $9¾ to $67⅞ in early trading on the New York Stock Exchange yesterday, causing speculation tha tother bids for the company might be in the offing.

Unilever, the Anglo-Dutch detergents and foods group, and Hanson Trust, the UK conglomerate, are rumoured to be among interested parties.

Gillette is expected to resist. Yesterday it said its board would consider carefully the unsolicited Revlon offer in the light of the best interests of the company, its shareholders, employees and customers, and that it would recommend in due course. Meanwhile it urged shareholders to refrain from rejecting or accepting the offer.

Revlon said it and M&F would provide $1bn of the bid price and that its financial adviser, Drexel Burnham Lambert, was confident it could raise commitments for $3.9bn of securities to fund the offer.

Meanwhile, Transworld, which shed its Trans World Airlines and Century 21 real estate businesses in 1984, announced a complex liquidation plan by which its Hilton International hotel chain, comprising Hiltons outside North America, would be spun off to a liquidating trust and proceeds paid to shareholders. The remaining companies, mostly in the food-services and nursing homes markets, would be sold.

The move follows disclosure that Mr Perelman, Revlon and M&F had built a 14.8 per cent stake in the company. Transworld said it had reached a standstill agreement with Mr Perelman. By this his group undertook not to raise its stake in Transworld or any of its restructured companies above 19.9 per cent, or to seek to acquire control after liquidation.

US announces economic action against Syria

BY LIONEL BARBER IN WASHINGTON AND ROGER MATTHEWS IN LONDON

PRESIDENT Ronald Reagan, facing growing criticism over secret US arms shipments to Iran, yesterday imposed economic sanctions against Syria, another state identified as sponsoring terrorism.

The sanctions include an expansion of controls on the export of items which could be used for military purposes, a ban on US Export-Import Bank aid to Syria, the ending of the air transport agreement between the countries, and advice to US oil companies to cease involvement in Syria.

The action, responding to Britain's decision to sever diplomatic relations with Syria, was timed to coincide with the arrival of Mrs Thatcher in Washington yesterday.

The imposition of US economic sanctions against Syria, which follows the withdrawal of its ambassador, has become wrapped up in the controversy over covert US arms shipments to Iran which were personally authorised by the President over the past 14 months.

Mr Reagan, faced with charges that he bartered arms for US hostages in Lebanon and so undercut his allies, denied in a nationwide address on Thursday night that he had gone soft on terrorism.

The president said the arms shipments were sufficiently small to fit in a cargo plane. He justified the transfer of defensive weapons by saying that the US wanted to improve relations with Iran and help end the Iran-Iraq war.

Iran promptly rejected any possibility of a deal on hostages or a reconciliation with the US. President Ali Khamenei said at Friday prayers in Tehran that, under present circumstances, Iran would not be able to help Washington secure the release of further hostages in Lebanon.

He added: "As long as the US has this spirit of aggression and hegemonism, its present attitude towards Moslem, Palestinian and Arab nations, and this support for the Zionist regime (Israel), I declare that there will be no reconciliation with America."

President Khamenei repeated the Iranian demand for Washington to unblock "hundreds of millions, maybe upwards of $1bn, worth of military spare parts" bought by the Shah before the 1979 revolution. If the US were to do this it might create "a measure of goodwill amongst the Iranian people."

Congressional leaders reacted with scepticism to President Reagan's explanation of his decision to supply arms to Iran, although some praised him for attempting to seek improved relations with the Tehran regime.

Mr Robert Byrd, Senate Democratic leader, said: "I am still not satisfied. What is the impact for our relationship with our friends in the Gulf?"

Mr Richard Lugar, a Republican ally of the President, said the failure to inform Congress of the covert operation lay at the heart of the controversy.

Mr Reagan disclosed that he had secretly modified an arms embargo last January so that the arms shipments would not violate US law.

The White House, which had refused to comment on the affair for 10 days, was forced to go public to rally support for the President. Mr Reagan is due to hold his first press conference for three months next week.

Mr Donald Regan, White House Chief of Staff, said yesterday on US television that he doubted whether further US arms shipments would be sent to Iran.

However, there was a warning from Israel yesterday that further revelations about US dealings with Iran could be expected. Mr Yitzak Shamir, the Israeli Prime Minister, said the US should have more to say. "I expect more announcements from the President and the American leadership," he added.

Israel has been linked with covert arms supplies to Iran for a number of years and some of the recent US shipments are reported to have reached Tehran via Israel.

Mr Larry Speakes, the White House spokesman, said the decision to impose further sanctions against Syria was a measured response to Syrian behaviour.

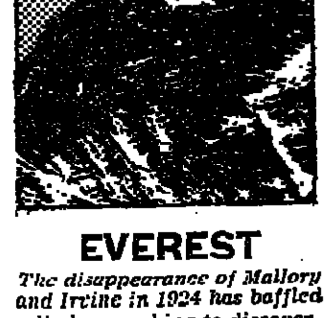
Britain severed relations with Syria after the conviction of Nezar Hindawi, a Jordanian, for attempting to place a bomb on an Israeli airliner at Heathrow airport, London last April. This was followed by less significant measures by 11 of the 12 members of the European Community, including a ban on arms sales to Syria.

Mr Speakes said that Hindawi's conviction directly implicated the Syrian Government. "We believe that further steps must be taken to discourage such Syrian behaviour and to express our outrage and that of the American people at Syrian sponsorship of this attack and its long pattern of support for terrorism."

Iraqi jets hit oil platform, Page 2

Howe says UK will not do deals, Back Page

WEEKEND FT



EVEREST

The disappearance of Mallory and Irvine in 1924 has baffled climbers seeking to discover who first reached the world's highest peak. Is the mystery solved at last?
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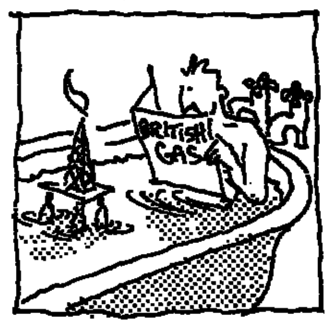

BRITISH GAS

Pros and cons float along with the flotation.
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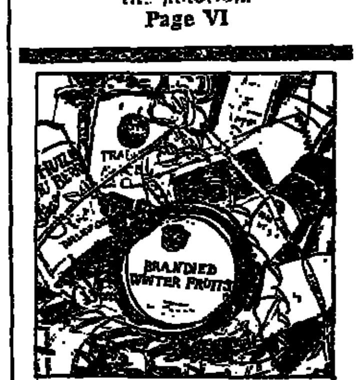

DIVERSIONS

Very special hampers for the FT's very special Weekend readers.
Page XV

TREASURE

Underwater finds start a new kind of gold rush.
Page IX

MARKETS

DOLLAR	STERLING
New York:	New York $1.4290 (1.4270)
DM 2.0015 (2.0125)	London: $1.4295 (1.4255)
FFr 6.5585 (6.5910)	DM 2.8625 (2.8650)
SFr 1.6620 (1.6695)	FFr 9.38 (9.3750)
Y161.40 (160.925)	SFr 2.3750 (2.3775)
London:	Y230.75 (229.25)
DM 2.0030 (2.01)	Sterling index 68.3 (68.2)
FFr 6.5625 (6.5775)	**LONDON MONEY**
SFr 1.6620 (1.6685)	3-month interbank: closing rate 11⅛% (11¼)
Y161.45 (160.85)	**NORTH SEA OIL**
Dollar index 110.7 (111.1)	Brent 15-day Dec (Argus)
Tokyo close Y161.57	$15.25 ($14.90)
US CLOSING RATES	**STOCK INDICES**
Fed Funds 5⁹⁄₁₆%	FT Ord 1,293.2 (−2.5)
Fed Funds 5¾% (5⁹⁄₁₆)	FT-A All Share 816.06 (0.0%)
yield: 5.36% (5.38)	FT-SE 100 1,644.3 (−0.3)
Long Bond: 99¾ (98⁵⁄₁₆)	FT-A long gilt yield index:
yield: 7.52% (7.58)	High coupon 10.63 (10.71)
GOLD	New York:
New York: Comex Dec	DJ Ind Av 1873.59 (+11.39)
$398.8 ($409.5)	Tokyo:
London: $408.5 ($407.25)	Nikkei 17,390.5 (−47.97)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Cyprus C£0.75; Denmark DKr 8; France FFr 6.50; W Germany DM 2.20; Ireland 60p; Italy L1.500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 100; Spain Pta 125; Sweden SKr 7.00; Switzerland SFr 2.20.

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For London market and latest share index 01-246 8026; overseas markets 01-246 8086

Chris Sherwell reports from Sydney on Monday's start to key hearings into a book on MI5

Britain seeks to keep its spy waters muddied

BARRING AN all-too-possible last-minute sensation, the complex tale of the British Government's bid to silence an ailing and elderly former spy should open its final chapter on Monday with vital hearings in the New South Wales Supreme Court.

In the sedate setting of courtroom 8D, Mr Justice Powell is due to hear Sir Robert Armstrong, head of the UK Civil Service, argue that the memoirs of a former operative at MI5, the British secret security and counter-espionage service, should not be published.

On the other side are Mr Peter Maurice Wright, 71, retired and living in Tasmania, and Heinemann Australia, which had planned to publish Mr Wright's exposé until the British Government won a temporary restraining order in September 1985.

In the 14 months since then, the two sides have clashed on several occasions, and few people doubt that the British Government has come off worse. Despite this, the legal combat had by yesterday produced such a tangle that many began questioning whether Monday's hearings would go ahead.

The latest complication springs from a further bitter argument this week over documents relating to the case. Yesterday the British Government appealed against a second order from Mr Justice Powell to produce highly sensitive material requested by the defence.

The action has suddenly dragged in the appeal court in New South Wales, which will now sit on Monday morning, before a rescheduled afternoon start to hearings in the main case. Apart from having to decide the immediate matter before it, the appeal court will also be asked by the UK Government to delay the Monday hearings further.

Whether or not these apparent delaying tactics succeed, the British Government's conduct of the case has deeply irritated Mr Justice Powell. Yesterday he spoke of his "rising frustration" at the Government's "serpentine weaving" as it tried, in his view, to restrict the issues in the case.

Those issues focus not only on technical questions of whether Mr Wright has breached a contract or broken confidences, but also on wide-ranging allegations of treason and criminal activities within MI5 and on the very meaning of the public interest and national security.

Indeed, this strange tale of Her Majesty's Government vs Mr Wright stretches far beyond the courts, having its origins in Mr Wright's experiences at MI5 between September 1955, when he joint the service, and January 1976, when he retired.

In that time he moved up the service hierarchy, becoming a party and an eyewitness to its inner workings and secret dealings. Then, or subsequently, he came to believe that the service had been penetrated by foreign agents and indulged in unlawful conduct.

Deciding that action was necessary, he approached a House of Commons select committee some two years ago and sought an inquiry. If there was no investigation, he said, he would seek to publish the memoirs he had written.

No inquiry was held and, as Heinemann prepared to publish, the British Government began the proceedings in New South Wales which are now due to culminate in next week's hearings. About four weeks have been set aside for the case and, despite the disagreements, some matters have already been settled.

Mr Peter Wright at home in Tasmania.

One of the most sensational came in August, when the British Government admitted that, for the purposes of these proceedings only, and not otherwise, the contents of Mr Wright's memoirs were true.

Precise details of Mr Wright's revelations obviously remain unknown, but from broadcast interviews given by him, statements in the House of Commons and other indirect evidence, they lend credence to some of the more sensational allegations about MI5 published elsewhere.

Among other things, they suggest that Sir Roger Hollis, director general of MI5 from 1956 to 1965, was in reality a Soviet spy. In contradicting a House of Commons statement in 1981 by Mrs Margert Thatcher, the Prime Minister, this suggestion is highly embarrassing.

It also has obvious implications for the British secret services, but there is a local dimension as well in that it affects Australian intelligence organisations too, since these were first established by Sir Roger in 1949.

Because of this, the British Government has sought Australian government help in the case, apparently seeking a statement from Canberra supporting the UK contention that Mr Wright's memoirs should not be published.

Other allegations made by Mr Wright include the suggestion that members of the British security services have acted treasonably or unlawfully. The book is said to describe the bugging of foreign embassies, campaigns against foreign leaders and a plot against former British Prime Minister Harold Wilson.

The outcome of the case itself hinges on a series of delicate legal points. As far as the British Government is concerned, the crucial question concerns Mr Wright's obligations stemming from his employment at MI5.

In particular, the Government says he was under contract not to disclose anything about his job without authorisation, whether or not the information was true, had been published before or was generally known. Such information was confidential, and it was not in the public interest that secret service personnel ever let it be known.

Mr Wright and his publishers are equally categorical. They say the information in the memoirs is in the public domain and no longer confidential, is already known to the Soviet Union, and is so out of date anyway that publication couldn't possibly hurt British interests.

They make two further points. First, much of the information has been published before by others who reached compromises with the British Government, so that the information can be said to have been authorised, or at least to be no longer confidential.

Second, the memoirs contain evidence of treason and criminal acts by MI5 operatives, and should therefore be published in the public interest. Coupled with this is the question of whether it is in the public interest —or, more narrowly, the Australian public interest — that Mrs Thatcher might have misled parliament in her statement on Sir Roger Hollis's loyalties.

It was on these questions that Mr Justice Powell and the British Government crossed swords so fiercely yesterday. In the judge's view, the Government had failed to respond to his order nine days earlier to produce documents relating both to Mrs Thatcher's statement and to past UK compromises over other publications on MI5.

Mr Powell declared flatly that the questions concerning unlawful acts and Mrs Thatcher's statement were clearly matters of public interest. The British Government stuck to its view that the main issue now was breach of contract.

Where this epic goes from here is anybody's guess. Though in ill-health, Mr Wright is evidently in determined mood. But so too is the British Government. Even if the last chapter of this story is finally written in the next few weeks, a fresh volume may yet be necessary.

BASE LENDING RATES

	%		%		%
ABN Bank	11	Citibank NA	11	● Morgan Grenfell	11
Adam & Company	11	Citibank Savings	¶12.45	Mat Credit Corp. Ltd.	11
Allied Arab Bk Ltd	11	City Merchants Bank	11	Nat Bk. of Kuwait	11
Allied Dunbar & Co	11	Clydesdale Bank	11	National Girobank	11
Allied Irish Bank	11	Comm. Bk. N. East	11	Nat Westminster	11
American Exp. Bk.	11	Consolidated Cred.	11	Northern Bank Ltd	11
Amro Bank	11	Co-operative Bank	*11	Norwich Gen. Trust	11
Henry Ansbacher	11	Cyprus Popular Bk	11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Duncan Lawrie	11	Provincial Trust Ltd	12
Associates Cap Corp	11	E. T. Trust	12	R. Raphael & Sons	11
Banco de Bilbao	11	Equator'l Tst C'p plc	11	Roxburghe G'rantee	11½
Bank Hapoalim	11	Exeter Trust Ltd.	11½	Royal Bk of Scotland	11
Bank Leumi (UK)	11	Financial & Gen. Sec.	11	Royal Trust Bank	11
Bank Credit & Comm	11	First Nat. Fin. Corp	12	Standard Chartered	11
Bank of Cyprus	11	First Nat. Sec. Ltd	12	Trustee Savings Bnk	11
Bank of Ireland	11	● Robert Fleming & Co	11	UDT Mortgage Exp.	¶12.25
Bank of India	11	Robert Fraser & Ptrs	12	United Bk of Kuwait	11
Bank of Scotland	11	Grindlays Bank	‡11	United Mizrahi Bank	11
Banque Belge Ltd	11	● Guinness Mahon	11	Westpac B'nking Corp	11
Barclays Bank	11	HFC Trust & Savings	11	Whiteaway Laidlaw	11½
Benchmark Tst Ltd	11	● Hambros Bank	11	Yorkshire Bank	11
Beneficial Trust Ltd	12	Heritable & Gen. Tst.	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
● Brown Shipley	11	Hongkong & Shangh'	11		
CL Bank Nederland	11	Knowsley & Co. Ltd	11½		
Canada Permanent	11	Lloyds Bank	11		
Cayzer Ltd	11	Mase Westpac Ltd.	11		
Cedar Holdings	12	Meghraj & Sons Ltd	11		
● Charterhouse Bank	11	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 10.03%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¾% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 12¼%.

Unrest follows Manila murder

BY SAMUEL SENOREN IN MANILA

THE FRAGILE government of Mrs Corazon Aquino, the Philippines' President, yesterday faced a new wave of political and labour unrest in the wake of the assassination of militant labour leader Mr Rolando Olalia on Thursday.

Mrs Aquino formed a special committee to investigate the murder and authorised a reward of $10,000 for information on the killers who have not been identified.

The death of Mr Olalia, 50, caused the National Democratic Front (NDF), which is representing communist rebels in ceasefire negotiations, to call off a scheduled meeting with the government yesterday.

The NDF accused the armed forces of responsibility for Mr Alalia's death in what it claimed was a plot to sabotage the peace talks.

The 500,000 strong KMU (May One Labour Movement) and the People's Party, which Mr Olalia headed, also blamed the military establishment although there has been no evidence so far to link any group to the assassination.

The armed forces had previously identified the KMU as a communist front organisation which had allegedly infiltrated the labour sector. Mr Olalia himself, was accused of being a communist although he has repeatedly denied the allegation.

Yesterday, thousands of KMU members and supporters marched to the suburban headquarters of the armed forces to press for the sacking of Mr Juan Ponce Enrile, the Defence Minister who has been sharply critical of the Government's soft handling of the insurgency problem.

India warns Sri Lanka of offensive

By John Elliot in Bangalore

INDIA last night warned Sri Lanka not to launch a fresh army offensive against Tamil guerrillas in the north of the island as this could damage attempts by India to help negotiate a solution to the ethnic conflict.

Mr Narayan Datt Tiwari, India's Foreign Minister, delivered the warning last night at a meeting with Mr Shahul Hameed, his Sri Lankan counterpart and it will be repeated today when Mr Rajiv Gandhi, the Indian Prime Minister, meets Mr Junius Jayawardene, the Sri Lankan President.

The two leaders are in Bangalore for the second summit of the South Asian Association of Regional Co-operation which was founded last December.

India is also warning Sri Lanka not to over-interpret the significance of raids on about 1,000 Tamil activists in the southern Indian state of Madras last weekend. India is stressing that the raids were local police actions, although 10 to 15 political leaders of militant groups had been put under house arrest.

Last night there were reports from Madras that the house detention orders had been cancelled, although the Indian Government had been expected to keep those involved in detention until it was clear whether they were willing to join in peace talks.

Mr Gandhi is expected to urge Mr Jayawardene to make further improvements to his proposals for a peace deal. He wants some concession made on linking parts of Sri Lanka's eastern province to the Tamil majority area of the northern province.

Ugandan leader due to start UK visit

BY OUR FOREIGN STAFF

PRESIDENT Yoweri Museveni, the former guerrilla leader who fought his way to power in Uganda, arrives in Britain today for a four-day official visit which will include a meeting with Mrs Margaret Thatcher, the Prime Minister, Sir Geoffrey Howe, the Foreign Secretary, and an audience with the Queen.

Two further meetings scheduled — with Mr Christoper Patten, the Overseas Development Minister, and Mr John Stanley, Defence Minister — illustrate the twin preoccupations of a government still battling to resolve its legacy of violence and economic disruption.

In his ten months in power Mr Museveni, an austere 52-year-old, has done much to restore the rule of law to a country in which hundreds of thousands of people have died at the hands of a brutal and undisciplined army.

The country's main city, Kampala, is now comparatively safe, and peace has been restored to the notorious Luwero triangle, a region not far from the city which endured the worst excesses of the ousted government of Mr Milton Obote and the five-month rule of General Tito Okello.

On the economic front, Mr Museveni's unorthodox approach has failed to initiate the badly needed recovery of a country first devastated during the regime of General Idi Amin. Much to the astonishment of leading donors, including the World Bank, the Uganda shilling was revalued in last August's budget, fixing the rate of 1,400 shillings to the US dollar (from 5,000), compared to a black market rate of at least six times the official rate.

The unrealistic rate is having an adverse impact on the production of coffee (which accounts for over 90 per cent of export earnings) and tea, as well as other export crops, for producer prices are now far too low.

Indonesia seeks $350m loan

SQUEEZED by falling oil prices, Indonesia is seeking a $350m foreign loan, AP-DJ reports from Hong Kong.

The Indonesians have invited a group of three U.S. banks, four Japanese banks and an Arab bank to organise the loan. After a meeting in Hong Kong on Thursday, the group made a formal offer to Jakarta, whose approval is expected next week, bankers say.

Indonesia's $36.8bn debt burden is already one of Asia's highest. But the country depends on oil and natural gas for more than two-thirds of its foreign-exchange earnings, and falling prices mean that more loans are needed.

Indonesia has more than $10bn of foreign exchange reserves and more than $2bn in unused credit facilities, which are still available to the country.

Interest on the eight-year loan will be at 0.625 of a percentage point above London interbank offer rate (Libor) for the first six years, rising to 0.75 point for the remaining two years. Libor currently is 6.125 per cent.

Iraqi jets hit oil platform after attack on Baghdad

BY OUR MIDDLE EAST STAFF

THE air and missiles war between Iraq and Iran intensified yesterday with attacks on cities and oil facilities.

Iraq said seven people had been killed and over 60 injured when an Iranian missile hit Baghdad. The Iranians said they had inflicted heavy damage on the Iraqi Ministry of Defence but in Baghdad it was reported that the missile hit a residential district.

Iraq later launched an air strike against an Iranian offshore oil platform in the Gulf, setting it on fire. The crew of Japanese tanker which witnessed the attack on the Sassan field said two missiles had been fired.

It is believed that ther could have been over 200 men on the platform, which may have also been used as a launching site for Iranian helicopter strikes against shipping in the Gulf.

Iranian aircarft also attacked the town of Jalula, north east of Baghdad, and both sides claimed to have shot down an enemy plane.

Israel taciturn on Vanunu

BY ANDREW WHITLEY IN JERUSALEM

ISRAEL HAS delivered a short reply to Britain over the Vanunu affair, designed to bring an end to speculation over the Israeli nuclear technician's mysterious disappearance from London at the end of September.

A two-sentence statement said Mr Mordechai Vanunu had left Britain "of his own volition." and through "normal departure procedures." No British law was broken, Israel insisted.

Immigration records of foreigners leaving the UK are not maintained systematically. Without fresh disclosures on exactly how Mr Vanunu returned to Israel, the official Israeli reply to the British Government's request for further clarifications could therefore bring this issue to a close.

As if to emphasise the point, the Foreign Office in London added that "in those circumstances" it had no further comment to make. The British Government is due to make a statement in the House of Commons next week during a debate on the affair, which has cast a shadow over Israel-British relations.

Commons debate, Page 6

Soviet missile offer surprises Scandinavians

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

THE Soviet Union's surprise announcement that it has withdrawn all its intermediate range missiles from the Kola peninsular and that it is ready to withdraw its ballistic missile-carrying submarines from the Baltic Sea to encourage the establishment of a Nordic nuclear-weapons free zone, was greeted cautiously by Scandinavian governments yesterday.

Mr Yegor Ligachev, a member of the Soviet politburo and Secretary of the Soviet Communist Party's Central Committee, on a visit to Helsinki on Thursday, surprised his hosts by launching what is seen as a significant political initiative to breathe new life into proposals to establish a Nordic nuclear free zone.

Mr Ligachev said that the Soviet Union had taken several actions to reduce the number of nuclear weapons from Soviet territory adjacent to the Nordic region.

All intermediate range missiles had been removed from the Kola region. The Arctic peninsular which abuts northern Norway and northern Finland, and which the Soviet Union has developed into the world's most powerful military complex.

A large number of similar missiles had been removed from the Leningrad region and the Soviet Baltic states, and some "tactical missile divisions" had also been removed from the region.

Mr Ligachev said that the Soviet Union was also prepared to remove its ballistic missile-carrying submarines from the Baltic Sea, if the Nordic states could reach agreement on the establishment of a nuclear free zone.

Defence experts in Scandinavia were sceptical about the military significance of the Soviet initiative, and claimed that the intermediate range missiles had been removed from the Kola Peninsular three to four years ago because they had become obsolete.

These missiles were of the SS-4 and SS-5 type and had been replaced by more modern SS-20 missiles which have a longer range and have been deployed more deeply inside the Soviet Union.

The Soviet Union cannot claim that the Kola Peninsular is a nuclear weapon free area, as it is the home base for two-thirds of the Soviet Union's submarine based strategic missiles.

According to Swedish defence experts the nuclear weapon carrying submarines in the Baltic that could possibly be removed according to Mr Ligachev, are golf-class submarines.

Despite all these reservations the Finnish and Swedish governments in particular have reacted with interest to the latest Soviet initiative and are reluctant to dismiss its political significance.

Mr Pierre Schori, Swedish under-Secretary of State for Foreign Affairs, said yesterday that Sweden had received Mr Ligachev's statement with "positive interest."

He said that Sweden would study the information carefully, which appeared in some respects to be a clarification of earlier Soviet statements on measures it would take on Soviet territory in response to the setting up of a nuclear free zone.

Soviet Union may end ban on nuclear tests

BY PATRICK COCKBURN IN MOSCOW

THE Soviet Union warned yesterday that time is running out for the US to join its moratorium on nuclear testing which expires on January 1. The implication is that Moscow will not renew the moratorium as it has done in the past.

The Communist Party daily Pravada, commenting on US nuclear tests in Nevada, complained yesterday of a lack of serious action on testing, Pravda asked: "How is it possible to agree on the elimination of nuclear arms if the United States is going to continue to perfect them."

The Pravda article underlines a tougher Soviet line towards the US following the failure of the Reykjavik Summit to produce any momentum towards nuclear arms control.

Soviet commentators are increasingly implying that President Reagan's Administration is not prepared to reach an arms control agreement with the Soviet Union.

The tougher line is also emphasised by the publication of the first full technical explanation of the methods the Soviet Union will employ to counter Star Wars in the official weekly Moscow News.

It says that specialists have devised a number of methods of neutralising a space based anti-ballistic missile system. These include small missiles for use against orbitting anti-missile systems, space mines, land-based high capacity lasers on the ground and "space shrapnel." The latter are small objects which would be spread in the path of anti-missile satellites.

Other Soviet measures to prevent Star Wars being effective include faster missiles, a reflective coating on the missiles to prevent lasers being effective, decoy warheads, electronic jamming of ABM systems and altering the heat pattern of the rockets' engines.

The article says that the Soviet Union is confident that a combination of these methods would lead to the US "detection system being hopelessly mixed up and most warheads, which can be manoeuvreable at high speed, will reach their targets."

Costs over Neue Heimat rise by DM 14m

By Andrew Fisher in Frankfurt

WEST GERMANY'S trade union movement is having to pay out a further DM 14m (£4.8m) as a result of being forced by the banks to take back the financially crippled Neue Heimat housing concern after first selling it to a Berlin bakery owner for a nominal DM 1.

Mr Alfons Lappas, who has just resigned as head of BGAG, the unions' holding company, told a parliamentary commission yesterday that this sum was being paid to Mr Horst Schiesser, the Berlin businessman, to cover the consulting, legal and accountancy costs incurred during his brief period as owner of Neue Heimat.

The unions have already granted Mr Schiesser a DM 25m long-term credit. This was after he claimed that the controversy over Neue Heimat had not helped his other businesses, though the actual price paid to repurchase it by BGAG was the same nominal DM 1 which he originally paid.

The embarrassing decision to buy back Neue Heimat was forced on the unions and BGAG by creditor banks' refusal to work with Mr Schiesser. Total debts of Neue Heimat are DM 17bn, and it was the bad publicity over the affair that led to Mr Lappa's resignation, accepted by the trade unions on Thursday night.

MPs cut deep into W German budget deficit

By David Marsh in Bonn

WEST GERMANY is to cut its 1987 budget deficit by even more than expected, to DM 22.3bn (£7.6bn) from a planned DM 23.7bn this year, as a result of final spending cuts decided this week by the parliamentary budget committee.

The tight budget deficit target for next year, the lowest in nominal terms since 1977, confirms the policy of fiscal conservatism put forward unbendingly by Mr Gerhard Stoltenberg, the Finance Minister.

But the parliamentary deputies from the centre-right coalition on the budget committee have gone even further than the Finance Ministry had been advocating by trimming central government spending next year to DM 268.5bn, a rise of only 1.9 per cent compared with this year's planned total.

This compares with spending of DM 271bn originally foreseen in the 1987 budget and a total of just over DM 259bn envisaged for 1987 at the beginning of he budget committee's deliberations in the middle of this week.

Italian budget passed

THE Italian Government's 1987 budget proposals were finally approved by the parliament yesterday, John Wyles reports from Rome.

Amendments passed this week look likely to add around L530bn (£261m) to the Government's projected deficit of L100,000bn. Overall, however, ministers are regarding the approval of the budget as a political achievement for the five-party coalition Government under stress because of fears of a snap election next summer.

Japan curbs exports

Japan has agreed to limit its textile and apparel exports to the US to a growth rate of about 0.8 per cent a year through 1989, the US Trade Representative's Office said, Reuter reports from Washington. The pact replaces one that expired last December 31. Since then Japan's exports to the US had risen by 17 per cent, the trade office said.

Pollution accord

A major international conference on air pollution yesterday approved the drafting of an accord to reduce poisonous nitrogen oxide emissions being spewed into the atmosphere by cars and industrial plants, Reuter reports from Geneva. Twenty-five European nations, the US and Canada, agreed to start work on a pact to cut such emissions, blamed for contributing to the "acid rain" linked to the widespread death of northern forests.

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Steel users oppose EEC quota bid

BY WILLIAM DAWKINS IN BRUSSELS

STEEL users in several European countries were yesterday highly critical of an appeal to the EEC by big integrated producers to maintain price and production controls until 1990.

Industrial iron and steel consumers' organisations in Britain and West Germany have appealed to their governments to oppose the plans outlined earlier this week by Eurofer, the European steel makers' association.

Meanwhile, Orgalime, a group representing 30,000 engineering companies in 15 European countries, yesterday branded the Eurofer proposals as "excessive" and "counter productive" but said that it was deferring a formal response until EEC industry ministers had debated the plans at their meeting in Brussels next Tuesday.

Eurofer has told the European Commission that its members are prepared to shed 11.9m tonnes of production capacity if the EEC keeps in place the six-year-old steel quota system,

Consumers are sceptical of steel producers' claims to be able to cut overcapacity by 12m tonnes in return for price controls extended until 1990

officially due to be wound up by the end of next year.

The cartel arrangement has provided a valuable cushion for producers while they make painful closures, but has been opposed by steel users on the grounds that it artificially holds up materials costs.

A spokesman for AVI, the West German federation of iron and steel consumers, said the Eurofer offer had done nothing to diminish his members' support for the Brussels authorities' proposals to remove quotas. "It is in our interests to have a normal steel market in Europe as fast as possible," he said.

The Bonn Government, however, feels the quotas should be removed less quickly than the European Commission would like, a position which AVI's approach to the Economics Ministry is unlikely to have changed significantly, said the spokesman.

AVI's UK counterpart, the British Iron and Steel Consumers' Council (Brisco), said it had received a more sympathetic hearing at a meeting with Mr Giles Shaw, the Minister of State for Industry.

The council argues that Eurofer's offer should only be accepted if it produces a detailed scheme of exactly how and where rapid reductions in capacity would be made, an eventuality which Brisco feels is remote.

Mr John Safford, the council's director, said Eurofer's plan was "unsatisfactory" in view of the 30m to 35m tonnes overcapacity expected to have accumulated in the community by 1990, as against the 19.9m tonnes estimated in the producers' proposals.

It would ill behove the EEC, he added, to continue a protectionist trade policy at a time when it was fighting US steel trade restrictions and entering a new round of negotiations in the General Agreement on Tariffs and Trade.

Belgian coalition to boost jobs

THE four partners of the centre-right Belgian coalition of Mr Wilfried Martens yesterday agreed a 10-point plan to boost employment.

The new measures include reductions in "social charges" for companies which hire new workers, especially young people who have ben out of a job for at least a year, plus incentives to encourage "community" work and the "non profit" sector such as voluntary organisations and old people's homes.

The aim of the package is to help compensate for the 18,000 job losses envisaged as a result of the tough BFr 200bn (£3.4bn) budget cuts agreed by the Government earlier this year. The September accord between employers and unions is expected to create 7,000 of these with the latest measures intended to provide "at least" the balance.

Belgium has one of the highest unemployment rates in the EEC with 500,000 or 13 per cent of the "active" population looking for work. The figures had been falling steadily until last month when they once again registered a sharp rise and, according to political observers in Brussels, created a climate of urgency

Further evidence has emerged this week, however, of the deep rooted regional and linguistic tensions which constantly threaten to unseat the Government.

The election of Mr Jose Happart as First Alderman of Les Fourons (and thus de facto mayor) was "suspended" by the provincial Governor yesterday, though the move was widely expected and does not precipitate an mtaiedmie SHR precipitate an immediate crisis. The Governor now has 40 days in which to take the potentially more serious step of annulling the election.

S. African companies to fight sanctions

SOME OF the 166 South African companies barred from trading with the US will appeal, saying they are not connected with the Pretoria Government and should not be punished by the US sanctions law, AP reports from Johannesburg.

Other companies covered by the sanctions ban said yesterday that they do not export to the US anyway.

The Government-controlled South African Broadcasting Corporation called the list issued on Wednesday by the US State Department an example of bigotry and "irrational action that has been pre-programmed irrespective of particular circumstances."

"There are on this list a number of companies that are in the frontline of the war poverty in South and southern Africa. That war is being waged by development corporations and other institutions."

Meanwhile South African Airways has filed a suit in Washington seeking an order to block the US ban on flights to and fromthe US.

Offshore orders dry up for Norway's yards

By Our Oslo Correspondent

SIXTEEN of the 17 big Norwegian offshore construction yards could be out of work by spring, 1988, according to a worst-case scenario by the Federation of Norwegian Engineering Industries.

This would cut the workforce in the oil-related Norwegian engineering industry from the current 23,000 to 3,200 in two years, according to a report the Federation has presented to the finance committee of the Norwegian Storting (parliament).

"A major crisis is unavoidable," the report says. Offshore contracts in the near future will either be too small or come too late to save the industry, the federation says. Norwegian industry in general would be hit by the lack of offshore contracts, it says.

Both the federation and the Norwegian Metalworkers' Union have lobbied politicians and oil companies to accelerate the development of new oil fields.

Brazilians vote today in free elections

By Ivo Dawney in Rio de Janeiro

BRAZIL'S 69m-strong electorate goes to the polls today for the first free governorship and congressional elections after 21 years of military rule.

Attention will concentrate heavily on the result in Rio de Janeiro state where the only serious challenge has been mounted to President Jose Sarney's Government.

Elsewhere, the vast majority of seats are expected to fall to candidates of the two principal government coalition parties— the majority centre-left Brazilian Democratic Movement (PMDB), and the right-leaning Liberal Front (PFL).

Analysts believe that the PMDB will emerge with a clear majority in both the Senate and the House of Representatives which, sitting together, will form a joint Assembly, charged with drawing up a new constitution. The PMDB is also expected to win as many as 2[illegible] of the 23 state governorships being contested.

In many states, PMDB-PFL coalitions have virtually assured a positive result for the government. But in the PFL heartlands of the impoverished north-east there will be close observation of a perceived trend away from the region's conservative tradition.

The overtly socialist Workers' Party (PT) and the right-wing democratic social Party (PDS) are not expected to breach 2[illegible] per cent of the poll.

The closest and hardest fought battle is expected in Rio where Mr Wellington Moreira Franco (PMDB-PFL) is attempting to wrestle the governorship from Mr Darcy Ribeiro—the candidate of the leftwing Democratic Workers' Party (UDT).

The PDT is the powerbase of outgoing governor Leonel Brizola, a charismatic populist and the one man who has consistently attacked the government's policies.

A victory for Mr Ribeiro will give the PDT a formidable platform for opposing the government and Mr Brizola a powerful base for lanching a presidential challenge. At the end of the campaign the polls showed little margin between the two candidates.

Man in the news, Back Page

Fraud Squad to investigate 20 TSB applicants

BY RICHARD TOMKINS

MORE THAN 20 people suspected of making illegal multiple applications for shares in last month's TSB flotation are to have their cases referred to the Metropolitan Police Fraud Squad, the bank announced yesterday.

However, more than 1,000 other applicants who came under suspicion have escaped further investigation — either because they have been cleared or because the TSB considers it unlikely that a reference to the Fraud Squad will lead to further action.

The TSB offered nearly 1.5bn shares at 100p a share when it came to the market last month and repeatedly warned in the run-up to the flotation that people making more than one share application would run the risk of prosecution.

Peat Marwick Mitchell, the accountancy firm employed as watchdog for the issue, investigated more than 6,000 suspect application forms. More than 1,000 of these were linked with the 20-plus applicants whose cases are being referred to the Fraud Squad.

The TSB would not elaborate on the criteria used to decide which cases would be referred but the figures suggest that only the most extreme examples have been selected. The applicants whose cases are going to the Fraud Squad each appear to have submitted an average of about 50 forms.

Sir John Read defended the small number of cases facing the threat of prosecution by saying that the number of suspect applications had been small in relation to the size of the issue.

He said: "Our policy of taking a positive line against multiple applicants was made clear throughout the campaign, and this undoubtedly reduced substantially the numbers we received."

The TSB flotation was the fourth in which multiple applicants have faced prosecution. The other three were British Telecom, Britoil and British Aerospace.

So far, only the British Telecom cases have come to court. Ten people were convicted and were fined between £4,500 and £8,400 each, plus costs.

The three previous issues were all privatisations so it was the Government as vendor which took action against multiple applicants. The TSB, however, was deemed by the courts not to belong to the Government, so it is the first independent company to have acted against multiple applicants.

Sir John Read said the Director of Public Prosecutions would decide in which cases criminal proceedings would be instituted.

Backlog of SE bargains under control

By Alan Cane

THE BACKLOG of uncleared equity bargains which has accumulated since Big Bang three weeks ago and which has threatened to cause chaos in the Stock Exchange's settlement division is at last under control.

Of the 55,000 or so trade reports unmatched at the beginning of this week, only 6,000 remained yesterday. Of those, only 1,800 related to bargains due for settlement through the exchange's Talisman computer system.

The rest were a mixture of foreign deals and gilt-edged bargains cleared through other agencies, such as the Bank of England. The level of unmatched reports is now no different from that at the end of an account period before Big Bang.

Each Stock Exchange bargain results in two trade reports—one each from buyer and seller, which must match in all important respects before they can be forwarded for clearance and settlement through Talisman. A combination of unfamiliarity with the new market practices and difficulties with members' computer systems resulted in an unprecedented number of unmatched reports.

Last night, the exchange's settlement division staff started to process the 240,000 bargains contracted in the first account period since Big Bang. It will be the first time the Talisman computers will have dealt with such a volume. Mr Michael Baker, head of settlement services at the exchange, said he was confident the system would cope, but added: "This is a critical weekend for us all."

Measures adopted to ensure the backlog of unmatched bargains was cut before yesterday evening's Talisman run included contacting every small and medium-sized broker/dealer to ensure they had matched every possible bargain, and sending a member of the settlement division's senior staff to the bigger market makers to check their progress and examine their plans to handle increased trading loads.

There are widespread anxieties that both trading and settlement systems could suffer under the strain of the British Gas flotation next month. Mr Baker said there were predictions that trading in British Gas shares could reach as high as 75,000 bargains a day over a period of up to two weeks.

Together with ordinary trading, the volume could reach 100,000 bargains a day sustained over a period of weeks.

Mr Baker said the existing systems could cope with up to 70,000 bargains a day. But he warned: "I am not sure the City as a whole can handle 100,000 bargains a day over any appreciable period."

Lisa Wood looks at mounting pressures for flexible hours for the sale of drink

Licensing reform a brewing political issue

REFORM OF Britain's licensing laws may return to the political agenda again shortly. On Thursday MPs will hold a ballot for private members' bills and the reformers hope that a sympathetic MP will come at the top.

The Queen's Speech this week made no mention of licensing law reform for the next parliamentary session, in spite of recent ministerial statements of support in principle for more flexible laws in England and Wales. In Scotland, laws enacted in 1976 already allow greater flexibility of hours for the sale of drink.

After the defeat of proposed changes on Sunday trading in shops in the last session, the Government apparently decided that licensing reform could prove too controversial in what may be the last session before an election.

"The Government," said the British Tourist Authority," is aware of the anti-alcohol lobby which, like the lobby against Sunday trading, could suddenly spring to life if a bill is presented."

Those in favour of reform may not have towait until after may not have to wait until after MPs are selected who are known to favour reform, there will be lobbying to find out whether one will sponsor a bill. The Government has intimated that it would be prepared to support such a private member's bill.

Knowledge of this possible avenue has, over the past two weeks, concentrated the minds of Britain's brewing industry. Last month, their ranks were split when members of the National Union of Licensed Victuallers, made up of public house tenants and members of the free trade, expressed fears over one aspect of reform.

Generally, public houses in England and Wales are permitted to open for a maximum of up to 9½ hours, with brewers normally stipulating that houses have to be open at all times during the permitted hours. The reform being sought is for pubs to be open up to 12 hours depending on customer needs and premises' suitability. Members of the NULV had feared that brewers would force them to open during all these hours.

However, this week the Brewers Society, which represents most of Britain's brewers, announced that it and the NULV had come to an agreement whereby a clause would be inserted into tenants' agreements, should new legislation be enacted. This would seek to ensure that premises would be kept open during hours agreed by both parties and by magistrates.

Unity in the licensed trade is critical for the success of any Bill. Mr Douglas Hurd, the Home Secretary, last month told the industry to get its house in order before further lobbying of its cause.

A closer rapport now seems to have been achieved between the brewers and the National Association of Licensed House Managers, made up of pub managers. The latter body is still concerned about the hours they would have to work.

According to the Brewers Society, unity prevails in the trade on the principle of flexible hours. Flag, the Flexi-Laws Action Group set up last year to lobby on the issue and comprised of the licensed trade, consumer groups, tourist boards and hotels, is flying high again.

A Watford wine bar/restaurant/pub: new laws would "boost" trade, say publicans.

Brewers see the introduction of flexible licensing laws as critical in developing their pubs at a time of sluggish beer sales. British publicans have for some time been experimenting with opening pubs outside official licensing hours to serve breakfasts and afternoon tea, for example. A total revision of the laws would give a tremendous boost to its retailing effort, the industry believes.

The tourist industry is also behind the issue. The British Tourist Authority said: "The existing licensing laws are an irritant to tourists. Foreigners do not say they will not come to Britain because they cannot get a drink at four o'clock in the afternoon but they are puzzled and confused by the situation."

Current laws have their origin in the emergency powers of World War One when they were introduced to ensure munitions workers were not drunk while working. They were consolidated in the Licensing Act of 1921.

The last big attempt to reform the laws in England and Wales was in 1972 when a Home Office committee headed by Lord Erroll unanimously proposed that pubs should be allowed to be open from 10 am to midnight and that restaurants and cafes should be allowed to sell alcohol regardless of the sort of meal service they provided. It was opposed by a lobby of religious, temperance and health groups.

A significant objection to extending drinking hours is the belief that it would increase alcohol abuse. However, there is evidence from Scotland to suggest that this is not necessarily the result.

Dr Martin Plant and Mr John Duffy, of the University of Edinburgh, who looked at liver disease, death due to alcohol dependency and psychosis and total alcohol related deaths in Scotland, England and Wales since 1970, identified similar trends not apparently affected by the change in Scottish law.

Scottish public opinion seems staunchly behind the existing law, with surveys reporting people perceiving less drunkenness on the streets and a more relaxed attitude to drinking. Statistics also show a relative improvement in convictions relating to drink offences.

There are critics of the state of the law in Scotland. There is argument, for instance, about why more women are going into Scottish public houses.

However, Mr George Younger, the former Scottish Secretary, said in a written parliamentary answer last year that since the law was changed there had been a wide improvement in the image of public houses, and that survey evidence suggested this was probably the reason more women drank in them.

Other research suggests that greater economic independence among women could be a factor. Undoubtedly, such arguments will be scrutinised should the issue come on to the political agenda in the next few weeks. However, pressure appears so intense that for many the question is not whether the law will be changed but when.

Record £2bn flows into societies last month

BY HUGO DIXON

A RECORD £2bn net flowed into building society accounts last month as disappointed investors in the TSB flotation returned cash withdrawn in September, according to figures published by the Building Societies Association yesterday.

The societies' net new mortgage commitments fell last month to £3bn from £3.3bn in each of the previous two months. Some slowdown in new mortgage commitments can be expected for seasonal reasons at this time of year but the association said part of the fall probably reflected the societies' limited mortgage rationing and a fall in mortgage demand following rises in mortgage rates.

The massive inflow to the societies' accounts last month followed a net outflow of £671m in September. This meant an average inflow of £640m a month, at a time of year when inflows are usually high.

Mr Richard Wheway, finance director of the Halifax Building Society, the largest, said he thought the overall effect of the TSB flotation had been to reduce the societies' accounts by about £400m.

The see-saw period for societies' finances is far from over. Mr Mark Boleat, association secretary-general, said: "The figures for November and December will be affected by the British Gas flotation, which at three or four times the size of the TSB offering will probably have a greater overall impact on societies' inflows."

Although societies made fewer net new commitments last month, the figures show mortgage lending is still high, reflecting commitments made over the past months.

Last month societies lent £3.6bn compared with £3.5bn in September and an all-time high of £3.9bn in July. At the end of last month the total level of outstanding commitments was £8bn.

Compliance officer 'must be independent'

BY ERIC SHORT

THE COMPLIANCE office in a financial group should be accountable only to the top decision-making body in the organisation, Mr George Law, group compliance officer of Morgan Grenfell, the merchant bank, said yesterday.

He has been at the centre of this week's events involving admitted insider dealing by Mr Geoffrey Collier, formerly the group's securities chief.

Mr Law was speaking at a conference in London organised by the Institute for International Research on the subject of the compliance officer. He told delegates that the compliance officer should not be accountable to the chief executive, senior partner or to any other individual.

The officer must have independent status to act impartially and should be the sole judge on whether a particular course of conduct or action is within the spirit as well as the letter of the relevant regulatory requirements.

Under the financial services legislation firms, as a condition of authorisation, are responsible for ensuring that all staff and procedures conform to the legislative requirements.

For most firms the role of ensuring compliance is being handled by a specific compliance officer.

Mr Law's view echoed by another speaker, Mr Colin Condren, group compliance director of Barclays de Zoete Wedd, a subsidiary of Barclays Bank group. Questions relating to Mr Collier's case were barred by the chairman of the conference.

However, both speakers, in answer to inquiries from delegates, emphasised that controls on staff share-dealings would include monitoring the investment activities of spouses

Industrial participation 'voluntary'

By Our Political Editor

LABOUR PARTY proposals for government intervention in industry will not involve compulsory participation, Mr John Smith, its Trade and Industry spokesman, stressed last night.

He said on Channel 4's Week in Politics that Government assistance would be "done by agreement. We don't want to go to a company that has no interest in being invested in by the National Investment Bank or by British Enterprise (the proposed state holding company) or having any connection with the Government."

A Labour Government wanted "willing partners." He saw no difficulty because "so many, particularly of the smaller and medium-sized industrial companies in Britain which have taken such a terrible punishment since 1979, feel that they are totally neglected by the orthodox financial system."

"Our experience has been that there will be no difficulty in finding people anxious and willing to co-operate. We will be exploring new territory of a creative public/private sector partnership to rebuild the manufacturing industry, particularly in the areas which have been so badly hit."

Mr Smith's remarks represent an important clarification of Labour's industrial policy. They are clearly intended to avoid the problem faced by the Labour Government in 1974-75 over its initial National Enterprise Board proposals put forward by Mr Tony Benn, then Industry Secretary.

These provoked alarm among many large companies about compulsory planning agreements and there was a successful campaign to water down the proposals.

Move on Knowsley Labour Party soon

BY PETER RIDDELL, POLITICAL EDITOR

EARLY ACTION to disband Knowsley North Labour Party is certain following the party's successful defence of the seat at Thursday's by-election, with a reduced majority over the Liberal - Social Democratic Party Alliance.

The by-election's circumstances were so special and rooted in Merseyside's peculiar conditions that there are almost no implications for national politics and for the timing and result of the general election.

Labour's main reaction yesterday was relief, following what its leaders feared could have been a narrower squeak. The Liberals hope their improved showing will boost Alliance morale and lift its opinion poll rating from the recent low level.

The Tories shrugged off the outcome — which put them well back in third place — as reflecting, in the words of John Biffen, Leader of the Commons, the politics of protest.

Mr George Howarth, the new Labour MP, won with a 6,724 majority, down from 17,191 at the 1983 general election. With a lower turnout, he took 56.3 per cent of the vote against 64.5 per cent previously.

Mr Neil Kinnock, the Labour leader, said the result "very clearly vindicates the decision to provide a Labour candidate who is genuinely representative of Labour people and Knowsley people." Other Labour leaders said the result was satisfactory in the circumstances.

Mr David Steel, the Liberal leader, said the results had put the Alliance "back in the running in virtually every seat in the country and reaffirms our position as the main challenger to Labour in the north, just as we are to the Tories in the south."

Mr Steel said the improvement in the Liberal share of the vote almost exactly equalled its previous best performance in this Parliament, at the Ryedale by-election. The Liberals even bizarrely released television computer projections giving the mbetween 499 and 527 seats based on the Knowsley poll.

For the Tories, Mr Norman Tebbit, party chairman, said Mr Kinnock was no doubt relieved at have held what has been one of the safest Labour seats in Britain but "its traditional voters showed little sign of enthusiasm for him or his candidate."

An exit poll by Harris Research for ITN of 1,368 voters as they left polling-stations—showed that the Militant Tendency issue clearly damaged Labour. About 65 per cent of those switching votes said it made them less inclined to vote Labour.

The by-election was caused by the resignation of Mr Robert Kilroy-Silk following a long battle with local Militant Tendency activists. Mr Howarth was selected by Labour's national executive committee over the head of the local party which now faces reorganisation and the expulsion of some leading Militant Tendency followers.

For the Liberals, Ms Rosemary Cooper boosted the Alliance share by about 20 percentage points to 35 per cent. The share of the Tory, Mr Roger Brown, fell from 20 per cent to 6.3 per cent.

The exit poll showed that 18 per cent of those claiming to have voted Labour in 1983 switched to the Liberal, as did 57 per cent of former Conservative voters, which explains the expected squeeze in Conservative support.

Merseyside and Militant, Page 9

Harbours to be in charge of pilotage

By Kevin Brown, Transport Correspondent

THE Marine Pilotage Bill, which was introduced in the House of Lords yesterday, is the most comprehensive reform of the arrangements for guiding ships into British ports since the current legislation was implemented in 1913.

The bill will transfer responsibility for pilotage from specially-constituted authorities in more than 90 districts to individual harbour authorities, which already have responsibility for the safety of navigation.

Under the existing legislation, pilots are self-employed, and are represented on most pilotage authorities, with shipowners and harbour authorities. However, in 40 districts pilotage is the responsibility of Trinity House, the lighthouse authority.

The bill will allow harbour authorities to employ polits on whatever terms are deemed to suit local circumstances, or to sub-contract the service on a commercial basis. The bill also provides for a statutory compensation fund for pilots who became surplus to requirements.

Mr John Moore, the Transport Secretary, said the bill would provide an equitable treatment for the pilots and a lasting basis for the future of pilotage.

There is widespread agreement in the maritime sector that the rigidities of the existing pilotage system have led to difficulties in adapting to changing circumstances.

The British Ports Association, which represents the port employers, said the removal of cumbersome statutory procedures would reduce the annual £47m bill for pilotage in British ports by as much as £9m.

The UK Pilots Association (Marine), which represents almost all the 1,200 working pilots, said reform was necessary, but could have been achieved without legislation.

Mr Michael Hooper, vice-chairman of the association, which is part of the transport workers' union, said between 300 and 400 pilots could face redundancy.

Bill seeks to improve banking measures

BY HUGO DIXON

THE BANKING Bill, the first of the parliamentary session, was published yesterday. Its main purpose is to improve the 1979 Banking Act in the light of subsequent experience, in particular the collapse of Johnson Matthey Bankers, and make it consistent with the Financial Services Act, which has just received royal assent.

The Bank of England is also reorganising its administrative structure, it announced yesterday, following the decision earlier this year to give it, rather than the Securities and Investments Board, formal responsibility for regulating wholesale markets such as bullion, foreign exchange and the money markets. A consultation paper on how these markets are to be regulated is being issued by the Treasury soon.

The new bill, which fills in the details of last year's White Paper on Banking Supervision but does not differ from much in substance, changes the existing law in six main ways.

- The Bank's Board of Banking Supervision, which gives the Bank independent advice on how it is performing its supervisory role, will be put on a statutory basis. If the Bank does not accept its advice in any instance, it will have to inform the Chancellor of the Exchequer.
- The two-tiered distinction between banks and licensed deposit takers will be abolished, though only institutions with paid-up capital of more than £5m will be able to call themselves banks. Overseas institutions will be able to use their banking names without such restrictions.
- The Treasury will be able to amend the definition of "deposit" and "deposit-taker" to help it keep up with changes in financial markets.
- Nobody will be able to take a stake of 15 per cent or more in a deposit-taking institution unless the Bank has informed that person that it has no objection.
- The Bank will be given greater information-gathering powers. In particular, auditors will not be in breach of their duties to clients if they inform on them. The Bank also plans to require auditors to produce yearly reports on banks' internal controls, the adequacy of their records and the reliability of their statistical returns.

Auditors will not have a legal duty to blow the whistle, unless the Bank has explicitly asked for information. The accountancy profession is expected to produce guidelines on this subject soon.

- Banks will have to notify the Bank if they have large exposures to single borrowers or borrowers which are financially connected.

The main element in the Bank's intrenal reorganisation, which takes effect on January 1, is the decision to create a new division for supervising wholesale markets.

Labour Party dilemma on miners' welfare funds move

BY MAURICE SAMUELSON

THE LABOUR PARTY has been put in a dilemma by government moves to give the Union of Democratic Mineworkers a say in the running of miners' welfare funds, from which they have so far been excmluded by the National Union of Mineworkers.

In the Coal Industry Bill, published yesterday, the UDM is not mentioned by name. Instead, it gives the task of ensuring fair representation for employee organisations to the Charity Commissioners, both by appointing new trustees and removing existing ones.

The Labour Party has so far been supporting the NUM's campaign to exclude the UDM from such bodies. But by basing the bill simply on employees' natural right to fair representation, and by making it a matter primarily for the commissioners, its authors evidently hope to make it difficult to oppose.

The UDM, which has about 30,000 members, was formed in the wake of the miners' strike by NUM members, mainly in Nottinghamshire and the Midlands, who continued to produce coal throughout the dispute. So far, NUM trustees on coal industry welfare bodies in these areas have refused to give way to UDM members.

The Government is impatient to get the bill on the statute book as soon as possible. It is expected to have a second reading in two weeks, before going to the committee stage

With a general election in the offing, strenuous resistance to the bill's fair representation clauses could exacerbate Labour's difficulties in coalfields dominated by the UDM.

The bill contains financial provisions to help British Coal as it strives to break even over the next two years.

It permits aggregate deficit grants of £100m over the next two years, which Parliament could raise to £200m. From next year, the industry will also receive up to £300m. Government grants to help with the cost of further reductions in manning levels following the end of the Government's Redundant Mineworkers Payments Scheme.

Motorway plea

BRITAIN IS behind many other countries in its provision of motorways and doing nothing to close the gap, according to Mr James Stevenson, vice-president of the Federation of Civil Engineering Contractors.

Powers sought to remove North Sea oil platforms

BY MAX WILKINSON, RESOURCES EDITOR

THE PETROLEUM Bill published by the Department of Energy yesterday would give the Government wide powers to force any oil company with an interest in a North Sea platform to remove it after the end of its useful life.

The bill, as it stands, is unlikely to meet anxieties within the oil industry that the main operators might have to pay the share of any smaller partners which had gone into liquidation after the exhaustion of the field.

The bill allows the Energy Secretary to serve a notice on any person with an interest in the installation, requiring a fully costed programme for abandoning the structure.

If this is unsatisfactory the Energy Department may amend the plan and require it to be carried out, or failing that draw up a plan of its own.

The total cost of removing the 139 North Sea platforms is estimated by the industry to be about £6bn. The bill does not say whether the cheaper option of partial removal will be permitted. The present view is that this would be allowed in deeper waters for some of the larger structures.

The bill makes provision for past royalty payments to be returned to oil companies as a contribution to the cost of abandonment. However, this part of the bill makes no guarantee that past royalties will be repaid. It merely gives the Secretary of State the enabling power.

An explanatory memorandum to the bill says that the implementation of this clause on royalties would be part of a wider series of measures on the fiscal aspects of abandonment.

Discussions with the oil industry are likely to continue for some time about anomalies in the present rules which allow abandonment costs to be set against previous liabilities for corporation and petroleum revenue taxes.

Nationwide acquires Yorkshire agency

NATIONWIDE BUILDING SOCIETY announced yesterday that it has successfully concluded negotiations to acquire the Malton-based estate agency firm of Wells Cundall which has 13 offices covering North Yorkshire and Humberside.

Nationwide's estate agency network now has 116 offices.

SIB revises rules on clients' securities funds

By Our Financial Staff

REVISED rules published by the Securities and Investments Board confirm that Stock Exchange member firms need not comply with the strict requirements for separation of clients' money proposed in earlier drafts.

The SIB has accepted that "the expense and work would be disproportionate to the protection of investors that it would aord" given the technology available to securities firms and the exchanges and clearing houses.

Other kinds of investment businesses must still ensure that clinets' money is held in strictly separate accounts, so that it will not be lost if the investment company fails.

The exemption for Stock Exchange and similar firms applies only while the clients' money is tied up with the settlement process. The firms must maintain a separate client settlement account to cover off-exchange transactions and accept money after contract notes have been received.

Discussions are taking place between the SIB and a Stock Exchange/Isro committee to determine how much must be maintained in the client settlement account to provide adequatep rotection of clients' money.

Grand Metropolitan in management reshuffle

BY LISA WOOD AND ALEXANDER NICOLL

GRAND METROPOLITAN, the brewing and foods group, announced yesterday that Mr Clive Strowger, chairman and chief executive of its Express Foods division, has been appointed group finance director.

Mr Michael Orr, finance director since 1981, is to join Merrill Lynch Europe where his appointment is part of a reorganisation of its top management. He will be one of five members of a new executive committee within a much larger management board.

Mr Strowger's appointment comes at a time of considerable management change at Grand Metropolitan. Last week it was announced that Mr Allen Sheppard, group managing director since 1981, was appointed group chief executive.

Sir Stanley Grinstead, who has combined the roles of chairman and chief executive since 1982, is to be full-time chairman.

Other changes include Mr Ian Martin, who has been chairman and chief executive of the group's brewing division in the UK, taking responsibility for Grand Metropolitan's US activities.

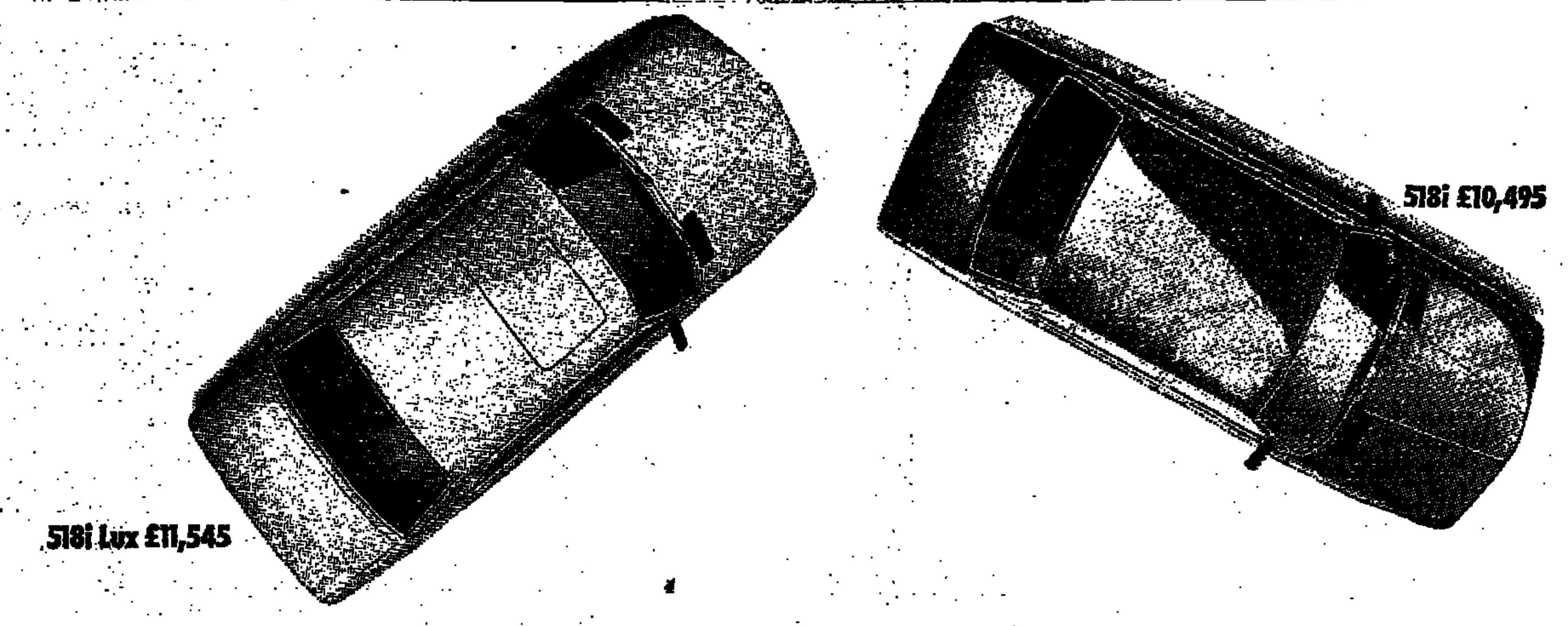
Mr Strowger, aged 45, briefly worked with Mr Sheppard in the motor industry in the early 1970s. He was responsible for reshaping the commercial functions of Watney Mann and Truman Brewers before being appointed chairman of Express Foods less than two years ago. Since then, there has been increased investment in the company and increased growth in profitability.

Mr Martin, who was a senior partner at S. G. Warburg before joining Grand Metropolitan in 1981, had a five-year contract with the group which ended in June.

Merrill Lynch's new executive committee in Europe will be chaired by Mr Stanislas Yassukovich, who heads Merrill Lynch Europe, with Mr Jean Rousseau as his deputy. Mr Orr will serve on the new committee as head of investment banking, Mr Stephen Licht as head of money markets and Mr Caleb Watts as head of debt transactions management.

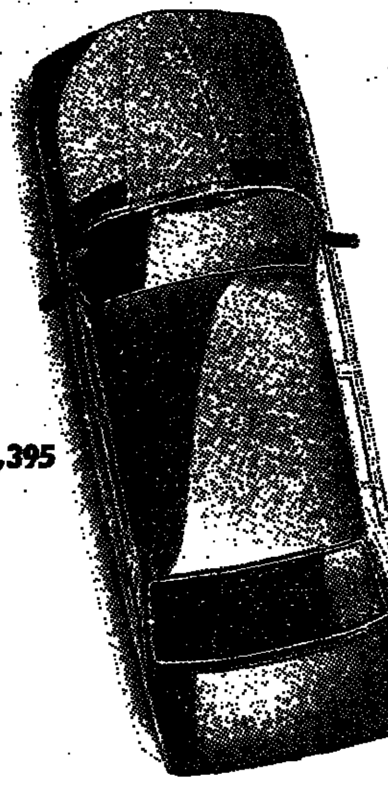
All three are managing directors, though there are a number of other with the same title, such as Mr John Hutchinson and Mr David Rochester, who run the group's operations in UK securities markets.

Merrill said yesterday that the new committee was designed to streamline consultation.



518i £10,495

518i Lux £11,545



520i £12,395

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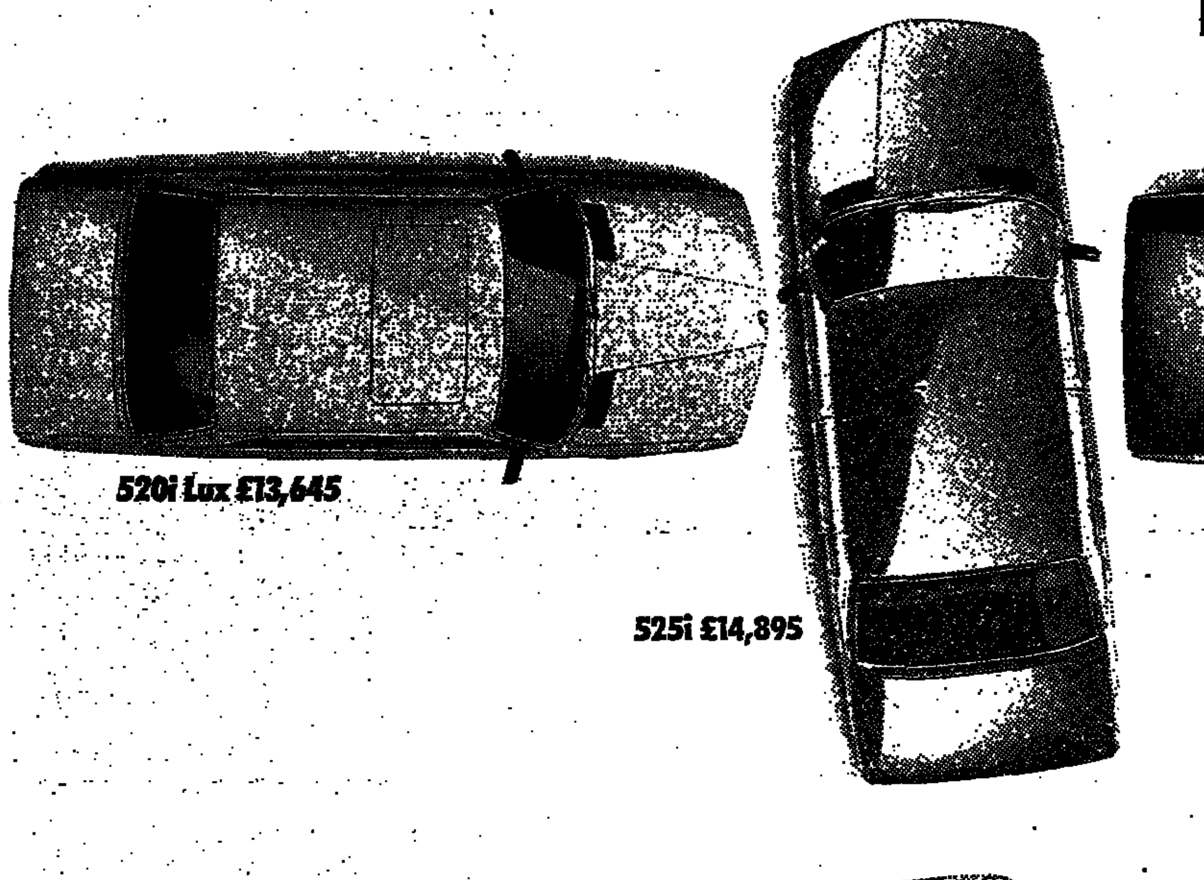
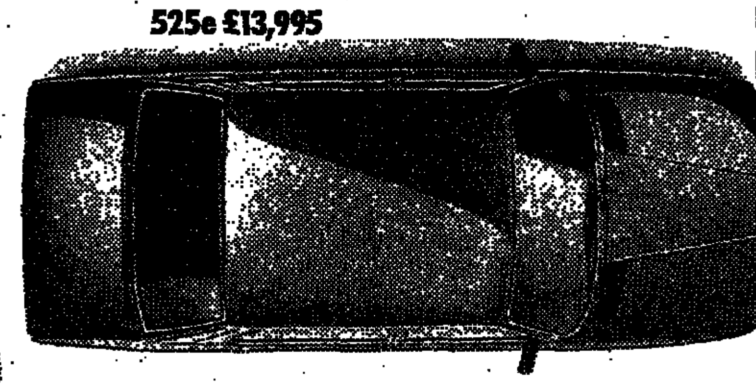




525e £13,995

520i Lux £13,645

525i £14,895

As you can see, there is more to the BMW 5 Series than you might have thought.

Including a price of £33,995 for the new M5, one of the only 150 mph cars that can carry five people and their luggage.

More importantly, for those with less speedy ambitions, the fact that such a car can be created as part of a range that starts at £10,495 says a great deal about the engineering standards within the 5 Series concept.

ONE BODY, SEVEN HEARTS.

You wouldn't expect a company like BMW to compromise on the 518i, just because it's the least expensive model.

For example, it shares its cylinder block with the one that powered BMW's Formula 1 engine to the World Championship in 1983.

A fact that not only hints at surprising levels of performance, but also suggests a remarkable degree of durability: *those racing engines have to take 10,000 rpm in their stride.*

An unnecessary precaution? It depends on your standards.

Certainly, if we were prepared to accept the standards of others we would not have created "the world's smoothest 6 cylinder 2 litre engine" (Motor).

This is waiting for you in the 520i, in place of the 4, 5 or even unrefined 6 cylinder alternatives of others.

Nor if we were less committed to excellence would we have developed both a 2.5 litre and 2.8 litre engine for our range.

The 525i has a serene calmness that makes motorway miles melt away.

And the 528i responds to the touch of the throttle with "beautifully measured precision" (Motor).

Only a test drive can tell you which of them would suit you better. (It's rather like choosing between the pleasures of a Chateau Latour or a Chateau Margaux.)

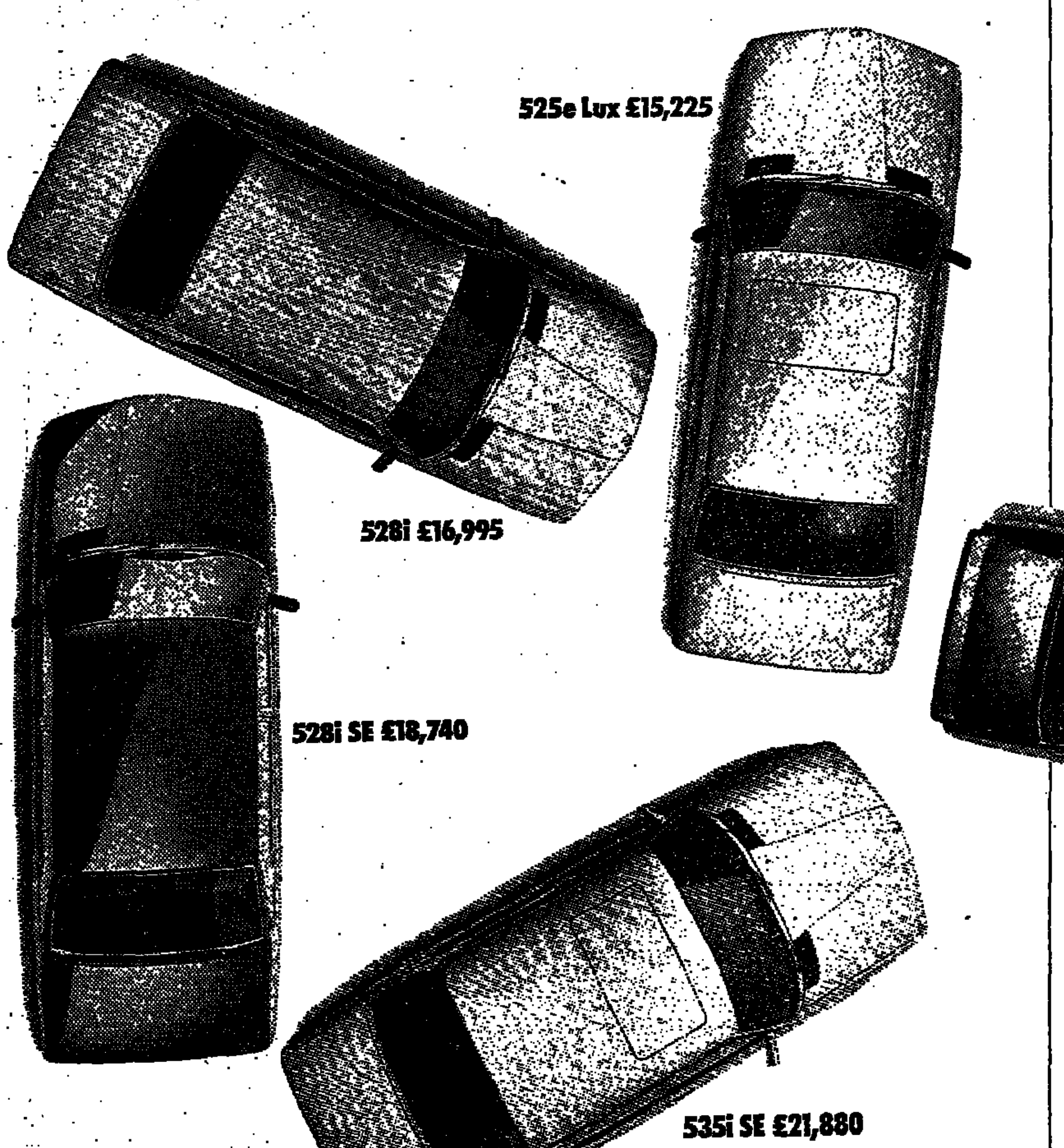
THE EFFICIENCY ENGINE.

The 525e has perhaps the most unusual story of all the engines in the 5 Series range.

For it represents a radically different approach to fuel efficiency. *Instead of merely shaping the outside of the car, BMW's engineers look beneath the bonnet.*

By an ingenious combination of electronics and engineering *they created a power unit that is only running at 2,000 rpm when the car is cruising at 70 mph.*

But allows you to run at 37 mpg despite only taking 12.7 seconds to reach 70 mph in the first place.

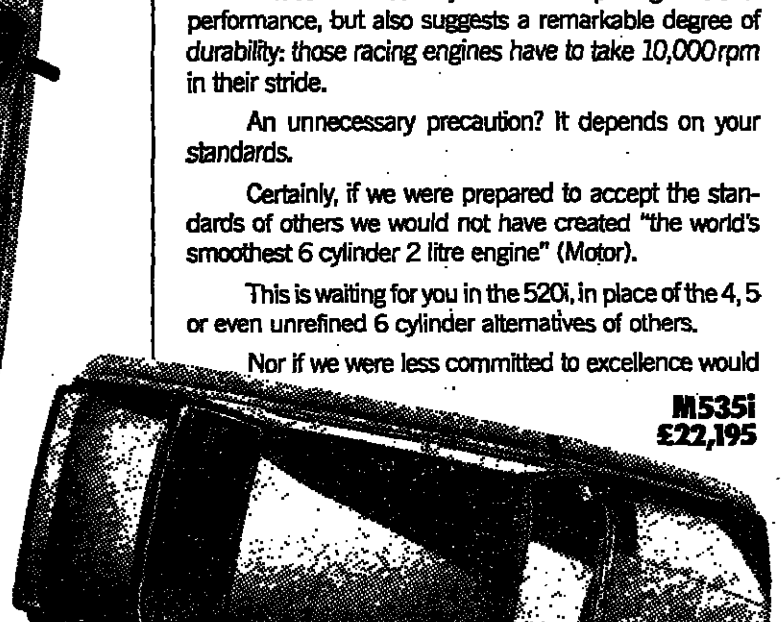


525e Lux £15,225

528i £16,995

528i SE £18,740

535i SE £21,880



M535i £22,195

MUSCLE WITH MANNERS.

The BMW M535i is as surprising as its fuel efficient stable mate.

For though its 218 bhp can whisk you to 143 mph, it has none of the vices that normally flaw "supercars."

It doesn't fret in traffic or rush from petrol station to petrol station. (It actually uses no more petrol than the 1.8 litre BMW of 1978.)

It's a combination of virtues that explain 'Motor's' verdict. "Overall there is nothing to quite touch the M535i".

Except, we have to say, two other cars.

First, the 3.5 litre 535i Special Equipment. It has *everything lavished on it from cruise control to ABS anti-lock brakes* to BMW's automatic gearbox which lets you switch from economy to sports mode.

And secondly, the Motorsport developed 24 valve version: the M5.

"It's fast, exhilarating and responsive: a superlative engine matched to a superior chassis". (Fast Lane).

Although journalists have almost run out of 'superlatives' in describing this car, we are loath to quote more here.

After all, with only 100 cars available a year, it would be unkind to make you too interested.

EXTRAS THAT AREN'T.

The only criticism ever made of some 5 Series is answered by the new Lux versions.

They offer you a level of extras in the price that, until now, were only options.

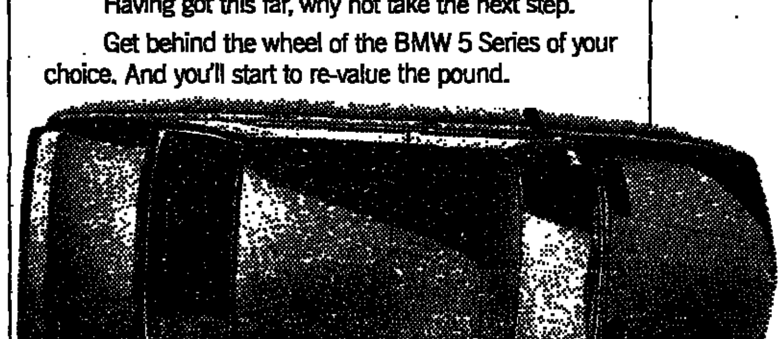
These include BBS cross spoke alloy wheels, a sliding sun roof, rear head restraints, a leather sports steering wheel, and many other refinements.

But as you can see, the Lux versions start at only £11,545, and even feature the same upholstery as the BMW 7 Series.

Which we hope is enough of a carrot to remove the last stumbling block between you and the car you'd really like to drive.

Having got this far, why not take the next step.

Get behind the wheel of the BMW 5 Series of your choice. And you'll start to re-value the pound.



M5 £33,995

FTI
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BMW 520i Lux ☐ BMW 525e ☐ BMW 525e Lux ☐
BMW 525i ☐ BMW 528i ☐ BMW 528iSE ☐
BMW 535iSE ☐ BMW M535i ☐ BMW M5 ☐

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Healey attacks US over Iran arms

BY IVOR OWEN

PRESIDENT REAGAN'S attempt to justify the US action of covertly supplying arms to Iran for the past 18 months was described as "stupefyingly incredible" by Mr Denis Healey, shadow Foreign Secretary, in the Commons yesterday.

He criticised Sir Geoffrey Howe, the Foreign Secretary, for failing to make any direct reference to the issue during the resumed debate on the Queen's Speech and insisted that Mr Reagan's "extraordinary behaviour" should be taken up by Mrs Margaret Thatcher in her talks with him at Camp David over the weekend.

Mr Healey protested that the US had broken ranks with other western nations by supplying arms to Iran when it was known to be planning what it hoped would be a final offensive against Iraq. If successful, the offensive could lead to an oil price increase of such magnitude that it would exacerbate the international debt problem and bring down the western financial system, he said.

Mr Healey described the Iran regime as a "self-confessed sponsor of international terrorism" and the main enemy of western interests in the Middle East. He emphasised that President Reagan had been bargaining with it at the moment he urged Mrs Thatcher to make British bases available for the

Denis Healey: Reagan's behaviour "extraordinary"

bombing of Tripoli as a reprisal for Libya's involvement in state-sponsored terrorism.

Avoiding any direct reference to President Reagan's explanation for the US decision to supply arms to Iran, Sir Geoffrey Howe reaffirmed the Government's determination to "deal decisively with states that sponsor terrorism."

He said this did not preclude contact with people who might be able to help secure the release of hostages, but stressed that the principle of making "no substantive concessions" would be maintained.

Sir Geoffrey welcomed the recent reaffirmation of this approach by the 12 EEC members.

He said: "In our view concessions lead to more, not less hostage-taking. This Government will not do deals with terrorists for the release of hostages."

To cheers from both sides of the House, he said: "This is not an easy policy to follow—sometimes it is agonising. But it is right."

Sir Geoffrey and Mr Healey also clashed over Labour's commitment to a non-nuclear defence policy which the Foreign Secretary equated with a decision to "throw in our cards" just as years of patient diplomacy to bring the Soviet Union to the negotiating table were starting to pay off.

To further Government cheers, Sir Geoffrey said: "It is difficult to believe that at precisely this point in history any major western party committed to the survival of our pluralist democratic society, not to mention peace and disarmament, could try to pull the rug out from under the Nato position."

He forecast that the British people would not accept "the hollow and naive policy of the Labour Party to renounce our nuclear weapons for nothing in return."

Mr Healey argued that the progress made at the Reykjavik summit which had opened up the possibility of an agreement to abolish all strategic ballistic missiles and maybe all ballistic missiles over a 10-year period, gave the impression that the two superpowers had adopted Labour's policy.

He claimed there was a danger that Mrs Thatcher would try to sabotage any agreement between the US and the Soviet Union because it would threaten "her major electoral weapon" at a time when many people believed an election would take place within the next 12 months.

Mr Healey said that if the US and the Soviet Union were to conclude an agreement to take effect from 1991 to 1996, this would be in the same period that Mrs Thatcher hoped to see Britain acquire the Trident missile system from the US.

Mr Tim Renton, Foreign Office Minister, assured the House that the Government had maintained its policy of refusing to sell defence equipment to Iran or Iraq which would significantly enhance their capability to prolong or exacerbate the conflict.

British companies had been refused licences to export arms worth "hundreds of millions of pounds."

The Queen's Speech debate will resume on Monday.

No evidence of lower pay deals, study says

By Charles Leadbeater, Labour Staff

There is no clear evidence that pay settlements are on a declining trend, according to a report published yesterday by Income Data Services, an industrial relations research company.

No clear picture has emerged of pay trends this autumn, with settlements mirroring the pattern established in September, when increases ranged between a low of 3 per cent and a high of 8.5 per cent, IDS says.

Settlements may be taking longer to be agreed, with companies aiming for settlements linked to current inflation levels, and unions wanting insurance against an upturn next year, the report adds.

A recent report published by the Confederation of British Industry, which suggested that settlements in manufacturing industry in the third quarter had fallen to an average of 5.5 per cent, does not give a fully representative picture of pay trends, IDS says.

The CBI did not publish figures for pay settlements in the service sector, and the manufacturing figures were heavily dependent on deals agreed in July, the first month of the quarter.

IDS says analysis of trends in industrial sectors and separate settlements gives a much more rounded picture of pay trends.

Among the sectoral trends IDS regards as significant are:

● Settlements in the public sector look set to continue at the same rate as last year, with firemen likely to be awarded increases close to 7 per cent, following awards of 7.5 per cent to the police and 6.7 per cent to local authority manual workers.

● The Jaguar Cars offer, which increases the basic weekly pay of many workers by more than 20 per cent, could lead to leapfrogging in negotiations at Talbot, Land Rover and Nissan, which start in January.

● Companies with good performances are paying large bonuses as well as basic pay rises above 5 per cent. However companies performing poorly are hemmed in by the competitive pressures stemming from skill shortages. May and Baker, for instance asked for a pay pause from July owing to poor sales, but subsequently agreed increases of 7.5 per cent for 500 senior scientific and technical staff.

● With industrial action looming over the largest private sector pay negotiations in the country at British Telecom, as yet it is unclear whether the settlement will rise above 5 per cent.

● There are signs of pay restraint in sectors directly affected by the fall in oil prices, with North Sea divers the latest group to agree to a pay freeze.

Pay settlements in engineering may be on a lower trend, with the Engineering Employers Federation reporting increases averaging 5 per cent among federated companies in the three months to August, a fall of 6.5 per cent from the level in the spring.

Murdoch renews deadline for Wapping pay-offs

BY JIMMY BURNS, LABOUR STAFF

HOPES OF a negotiated settlement to the protracted Wapping dispute receded yesterday with News International reimposing a deadline for individual cash pay-offs to sacked printworkers and union leaders refusing to compromise on their attitude to the electricians' union, the EETPU.

The company has given the sacked workers until November 24 to apply for payments and to end their association with the nine-month-old Wapping dispute.

Significantly the reimposition of a cut-off date for the offer coincides with the day all the print unions are due to meet the Finance and General Purposes Committee—the inner cabinet—of the TUC. Print union leaders will renew their demands for TUC action against the EETPU members employed at Wapping.

According to the company more than 1,900 former employees have responded to a letter by Mr Rupert Murdoch, News International chairman, sent out 16 days ago inviting them to apply for a "termination agreement."

The company says it has received more than 1,500 written applications for the money. Those applying include six fathers of chapels (union sections) and a number of union committee members and officials, it says.

Mr Murdoch yesterday wrote to former employees describing the response to the company's offer as "considerable" but setting a new deadline.

"I intend to close this offer on November 24 and it is important that you know there will be no further negotiations with the trade unions on this matter. This is, therefore, your last chance to obtain a termination payment," the letter states.

The release of Mr Murdoch's latest deadline came after the general print union Sogat '82 had reportedly secured the support of other unions involved in the Wapping dispute for its hardline position towards the EETPU.

Leaders of Sogat, the National Graphical Association and the National Union of Journalists told Mr Ted Willis, the TUC General Secretary, yesterday that they expected the implementation of a motion approved at the Trade Union Congress calling for action against the EETPU.

The move was a severe setback to Mr Willis's attempts to reach a negotiated settlement of the dispute. At the meeting he argued that the print unions should abide by the decision in February of the TUC's General Council not to issue a directive to the EETPU to refrain from doing the work of printers.

However at yesterday's meeting Mr Tony Dubbins, NGA general secretary, repeated his demand for TUC action against the background of evidence that collusion between the EETPU and the company has involved a very high level of officials within the union structure.

Warning over ACTT survival

BY CHARLES LEADBEATER

LEADERS of the ACTT, the film and television union, are considering a report saying the union has at most two years to reform its management and industrial strategy if it is to survive as an effective force in collective bargaining.

The report drawn up by Mr Reg Race, former Labour MP, says the ACTT has not yet evolved a strategy to cope with changes in ownership and technology in the industry which will follow the introduction of direct broadcasting by satellite.

The report says the union is ill-equipped to face the growing strength of multinational broadcasting companies, the introduction of new technology, the growth of non-unionised companies in new areas of television production and a difficult legislative climate.

"The ACTT is simply too small and under-resourced to survive and be effective on its own," the report says.

Amalgamation with other broadcasting unions could be part of a longer-term solution, the report says, but the ACTT has to "get its own house in order" first.

The report says the way the union has handled the introduction of new technology, such as lightweight cameras with inbuilt sound recording, shows an "unfortunate and considerable lack of collective bargaining co-ordination."

Many of the inadequacies in the union's organisation and its strategy to cope with the fundamental changes expected in the industry over the next few years result from a failure of management and leadership, the report says. Relationships between the union's secretariat, its executive and general council are at "breaking point."

Disaffected Israeli 'left legally'

BY IVOR OWEN

INQUIRIES by the Metropolitan Police have not indicated that Israel secured the return from Britain of Mr Mordechai Vanunu, the disaffected nuclear technician, by illegal means, Mr Tim Renton, Foreign Office Minister, told the Commons yesterday.

He said there was no evidence that any criminal offence has been committed in Britain.

Mr Denis Healey, shadow Foreign Secretary, pressed for further clarification and contended that if, as Israel has claimed, Mr Vanunu left Britain through normal departure procedures records kept by airport or port authorities should be able to establish when he left the country.

Mr Renton answered: "You are incorrect. The authorities in this country do not keep a full passenger check on everyone who leaves this country."

Mr George Robertson, another Labour foreign affairs spokesman, underlined the widespread scepticism over the events which had resulted in Mr Vanunu appearing in Israel "like a rabbit out of a magician's hat."

He referred to the report in yesterday's Financial Times that, according to senior Israeli politicians, British intelligence was responsible for the original tip off which enabled the Israeli secret service to plan the alleged abduction of Mr Vanunu from London.

Mr Robertson stated: "The Government is uncomfortable, but that discomfort will continue until the people of this country know precisely what the truth is."

The matter is to be raised in the Commons again on Tuesday by Mr Dennis Walters, Conservative MP for Westbury.

BA profits expected to show fall

By Michael Donne, Aerospace Correspondent

THE FULL EFFECT on British Airways of the downturn in North Atlantic air traffic earlier this summer as a result of fears of terrorism in Europe will be revealed on Monday, when the airline publishes its results for the six months to September 30.

The results are expected to show a drop in group pre-tax profits of £201m in the first half of 1985-86, but by less than had once been feared. Recovery has been strong in recent weeks, and the airline has earned profits all summer. year profits have been the main contributor to the airline's overall profits for the full year. This is because the second half—involving the winter months when traffic is lower and when bad weather can affect results—has invariably involved either small pre-tax profits or even losses.

An indication that the airline will become more aggressive in its world-wide marketing after privatisation will be given next week, when BA's regional sales managers meet in London to set sales targets for 1987-88 in excess of the passenger revenue of nearly £2.38bn in 1985-86.

New house starts highest in 12 years

BY JOAN GRAY

THE NUMBER of new houses being built for sale in Britain is the highest for 12 years, according to a survey from the National House-Building Council.

The nine-month figures from the council show that this year has already seen 149,500 new private sector homes being started. In the third quarter 57,800 were started.

This is 14 per cent up on the figure of 130,700 for the first nine months of last year. A total of 167,600 new houses were started in 1985. The figure of 45,200 for the third quarter is 15 per cent up on the same quarter last year.

The level of new housing starts has risen to such an extent—and is continuing to rise so fast—that its forecast of 150,000 new houses for this year is likely to be "far exceeded" says the council.

"The situation for the housebuilding industry is clearly very healthy with the highest rate of starts for the last 12 years," said Mr Basil Bean, the council's director general.

"How long this situation will continue will depend on the availability of land for private housing and whether or not interest rates remain at the present level."

One of the most dramatic increases in numbers of starts is in Greater London, where the figure for the third quarter is up 55 per cent on the same period last year.

In the third quarter selling prices of new houses continued their upward trend, with an increase of 7 per cent in England and 9 per cent in Wales.

Self-restraint urged in essential service disputes

BY PHILIP BASSETT, LABOUR EDITOR

SELF-RESTRAINT by both management and unions is likely to be the most effective method of dealing with the problems raised by industrial action in essential services, according to a forthcoming study of such action by Dr Gillian Morris, senior law lecturer at the Polytechnic of North London.

The Government in its 1983 election manifesto pledged itself to consult on measures to limit industrial action in this field but, as Dr Morris notes, it shows few if any signs of doing so.

Dr Morris notes that especially in the wake of the defeat of the 1984-85 miners' strike, the trade union movement is at its weakest for some years.

Local authority contracting out, relaxation of monopolies in some nationalised industries, decentralisation of some bargaining and highly sophisticated contingency planning all further contribute to the likelihood of fewer strikes; though the study says that "none of these measures, however, can entirely ensure that essential services will never be subject to disruption."

The study says that efforts to restrict industrial action in essential services by means of the criminal law are unlikely to achieve their object.

Strikes in Essential Services, by G. S. Morris. Published on November 21 by Mansell, £30

GM workers vote for half-day stoppages

By Our Labour Staff

WORKERS at General Motors' 13 plants voted yesterday to stage three half-day stoppages in the next month in pursuit of their claim for improved pensions.

Following mass meetings yesterday it is expected that about 25,000 workers will stop work for half a day on November 28 and December 5 and 12.

Earlier this week General Motors agreed an immediate increase in pension benefits of between 3 and 7 per cent for all those who have been receiving pensions since 1984. The company has also agreed that in the next two years it will index-link pensions at half the inflation rate, as long as the rate is below 4 per cent.

Playing a part in a false North Sea disaster

Lucy Kellaway on a test of Mobil's readiness for accident

LIVES HAD been lost, many had been seriously hurt and an oil slick was spreading from the Beryl platform in the North Sea, Mr Tom McClelland, head of Mobil's emergency task force, told a press conference in Aberdeen.

"There was a whole sequence of events. There was an explosion, a fire, an unauthorised lifeboat was launched and a helicopter had to ditch in the sea," he said at the conference on Wednesday.

How could such a thing have happened? the journalists demanded. Six of Mobil's managers sat impassively. "Any comments regarding the causes would be purely speculative at this time," was all they would say.

There were no causes. The disaster had not happened. It was part of an elaborate exercise devised by the Department of Energy to test the ability of the big companies operating North Sea platforms to cope with a calamity. It was not a belated response to last week's Shetlands helicopter disaster, in which 45 people died, but an exercise conducted every year. This year, it was the turn of Mobil to play the victim.

The journalists at the so-called press conference were not reporters, but representatives from other oil companies. Afterwards, they agreed that Mobil had done well in a very difficult position.

From 9.30 am increasingly alarming reports of events on one of Mobil's platforms in the Beryl field were fed into its Aberdeen headquarters. The staff there, powerless to do anything about the "accident"—which was supposedly happening about 200 miles out to sea—were having their communications reflexes tested.

As soon as the first reports of a gas leak and explosion were received, several emergency departments were set up to receive the information from the distressed platform and relay it to those who would need to know.

The police, the coastguards and a hospital were being tested by the Department of Energy.

A great many others were peripherally involved, from the Customs Office to the Ministry of Fisheries.

Employees of other oil companies acted as distressed relatives, and journalist jammed the Mobil switchboard with calls fielded by a dozen secretaries acting as emergency public relations staff.

This year's exercise was the most elaborate disaster invented by the Department of Energy, but none of the players complained that it was unrealistic. There are so many potential hazards offshore that, if one thing goes wrong, there could be a chain of other incidents caused either by the first incident or by panicking crews.

In the fake example, a crane carrying a heavy load crashed into some pressurised gas piping, causing a leak, and subsequently an explosion. That rocked the platform, sending people flying off bunks and chairs. Other workers scrambled, without authorisation, into a lifeboat, could not start the engine and in rough seas the boat was pounded against the legs of the platform.

Technicians working on the scaffolding dropped a heavy meter onto an oil testing point, which created an oil leak. A crane then dropped debris onto a chemical tank causing caustic to be spilled. A helicopter carrying the injured was forced to ditch at sea.

Such a catalogue of ills is an oil company's worst nightmare. To cope with it, the companies set great store by their communications and voluntarily submit to the Department of Energy's annual test of their systems.

The test might seem to be shutting the stable door after the horse has bolted, but it is only part of an enormous offshore safety operation. Life on an oil platform is dominated by safety, from the huge structures of the firefighting machines to the duplication of every piece of sensitive equipment and electronic control rooms which can isolate a dangerous area within seconds.

A visitor to a platform is faced by so many checks that a preoccupation with safety may well be the lasting impression of life offshore.

Such care for safety has on the whole been successful. In an average year, between six and 10 fatal accidents might be expected among the 30,000 offshore workers.

Dockyard leaders to meet Younger

UNION LEADERS of 19,000 workers in the Royal Dockyards said yesterday that Mr George Younger, Defence Secretary had "one last chance" to outline plans to consult staff over the dockyards' privatisation, before the unions institute court action.

The general secretaries of 11 unions will meet Mr Younger on Monday morning to outline their case against privatisation, and to urge him to fulfill what they see as his duties under the Dockyard Services Act to consult staff over the privatisation plans.

The unions see the meeting as the last chance to agree a way forward without taking the Government to court for alleged contravention of the Act.

Schools of thought struggle to reach a new classroom order

David Brindle looks at the complex teachers' talks which have wearied the negotiators

EVEN THE OLD hands at the conciliation service Acas, who have seen more than their fair share of late night beer and sandwiches, have been taken aback by the length and complexity of the negotiations on the pay, conditions and duties of teachers in England and Wales.

There is, therefore, an appreciation on the part of all concerned that the talks which began last Saturday in Nottingham, and staggered towards a conclusion yesterday at Acas in London, must have seemed baffling to the outside world.

On the other hand, weary negotiators on both sides, not to mention the Acas officials concerned, have been less than amused by the jibe by Mr Kenneth Baker, Education Secretary, that their efforts have been "a fiasco."

As Mr John Pearman, the employers' leader, told reporters on Thursday night: "It has certainly been tedious; it must have looked bizarre; it is certainly different. It is probably the most complex set of national negotiations that have been undertaken in any forum."

An arguable claim, but one not without some justification. One union official observed yesterday that the Government threat to impose its own settlement on the teachers had forced the parties to compress something like six weeks' negotiations into one.

Mr Baker would argue they had only themselves to blame. The need for determination of a new employment contract and salary structure for teachers has been glaringly obvious for years, but opportunities to make progress have repeatedly been frittered away.

Even the landmark "Coventry agreement" — outline terms reached in four days' talks in July—was subsequently left to moulder on the shelf as working parties, charged with negotiating the details, ducked the task and necessitated the residential negotiations in Nottingham.

The talks this week have been conducted with application and determination on the part of almost all the negotiators, even those who from the outset have been out of sympathy with any likely settlement.

The most obvious exception to this was Mr Brian Sams, Education chairman of the London Borough of Bexley and representative of 14 Conservative metropolitan authorities, who "walked out" of the talks on Monday. As he had not been in the negotiations, this went unnoticed until he issued a statement two days later.

Those who stayed the course, Conservative county councillors among them, endured virtually round the clock discussions.

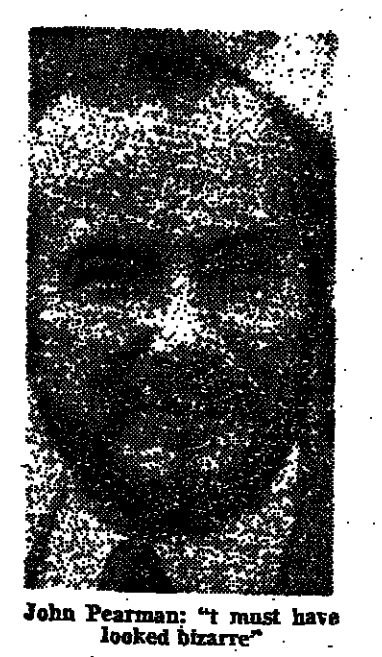
On Thursday night, for example, members of the employers' secretariat worked until 4.30 am preparing the final offer document and snatched a few hours' sleep on their office floors.

Only on Wednesday night did commitment run dry. The employers, the National Union of Teachers and—it is thought—Acas, wanted at 2 am to go on working through the night, sensing there was a momentum which could deliver an early settlement. However, the other unions outvoted the NUT 15-13 to adjourn until 8 am.

The decision infuriated the employers, who began to fear that an agreement was slipping out of reach. They blamed alleged negotiating inexperience on the part of the Assistant Masters and Mistresses Association, the NUT's pro-agreement ally which voted to sleep rather than talk, but AMMA leaders protested they were too tired to think straight.

Fatigue rarely seemed a problem for Mr Pearman, the dapper 37-year-old Labour leader of Wakefield City Council. Even yesterday, when the divisions seemed set in concrete, he was still urging, chivvying and bullying the more reluctant among the union leaders to fall in line with an agreement.

Earlier, he had sourly told a late night press conference:



John Pearman: "I must have looked bizarre"

"Those people who choose to knock and make criticisms from their offices in Elizabeth House (the Department of Education and Science Building), those people who have never in their lives negotiated on these issues, do not know the basis on which decisions have to turn."

To the waiting journalists, the turning of decisions seemed painfully slow. But the issues at stake—how many teachers a school should have, how big classes should be and how much teachers should be paid and what their contractual duties should be—were, as Mr Pearman and his colleagues repeatedly observed, critical to the future of an education system under strain and attack.

Further, while the talks were not held under the much-criticised and doomed Burnham bargaining structure as such, they were dogged by the unweildy presence of six separate unions, all with conflicting interests and often rigid sectional demands.

"Baker is right," one exasperated employer exclaimed, at the end of another long day and the start of another long night. "What they need is a touch of cold steel to sort themselves out, to get their priorities right." After the past seven days, many will think the same.

TREND OF INDUSTRIAL PROFITS

ANALYSIS OF 296 COMPANIES

THE capital goods sector for once outperformed consumer goods in the FT's analysis of profits trends in industry. But the star performer was the financial sector, whose 41 companies increased earnings by 45.1 per cent during the period.

The table below summarises the results of 296 companies with year ends between October 1 and December 31 and sets them out according to the categories used in the daily FT-Actuaries Share Indices table. Figures are in £m, with the previous year's numbers in brackets.

The analysis shows that total profits of the 100 capital goods companies which reported rose 12.2 per cent over the previous year's figure, despite weakness in the electronics sector. Profits in the consumer group fell by 1 per cent, although this was largely due to the 13.9 per cent fall in the two giant tobacco companies, Imperial and BAT.

There were strong performances from nearly all the financial sectors where, because of the reporting habits of the insurance companies and merchant banks, the key column is earnings rather than pre-tax profits.

Of the individual industry sectors, perhaps the performances of engineering, where 34 companies advanced profits up 20.4 per cent; leisure with 13 companies averaging a 34.3 per cent increase; and shipping (10 companies up 27.5 per cent) are most worthy of note. Figures for food retailing, office equipment, health and household products and insurance brokers are distorted by the small number of companies involved.

The worst performer was the overseas trading sector, where 10 companies had profits cut by 41.9 per cent. The 11 oil companies which reported also lost ground.

INDUSTRY	No. of Co's.	Turnover (1)	Profits Before Int. & Tax (2)	Pre-tax Profits (3)	% change	Tax (4)	Earned for Ordinary Dividends (5)	% change	Ord. dividends (6)	% change	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap % (9)	Net Current Assets (10)
BUILDING MATERIALS	16	6,753.1 (6,102.8)	720.6 (674.1)	593.2 (570.8)	+3.9	201.4 (195.1)	373.0 (353.8)	+5.4	133.7 (116.2)	+15.1	486.3 (452.0)	4,430.9 (4,229.9)	16.3 (15.9)	821.5 (772.9)
CONTRACTING CONSTRUCTION	15	7,095.9 (6,497.2)	423.0 (367.5)	340.1 (292.8)	+16.2	120.4 (98.1)	207.6 (183.1)	+13.4	65.8 (55.9)	+17.7	269.6 (259.1)	2,787.9 (2,770.2)	15.2 (13.3)	916.7 (825.1)
ELECTRICALS	3	3,035.5 (2,944.5)	181.4 (173.1)	138.3 (111.7)	+23.8	50.4 (61.2)	67.8 (57.6)	+17.4	33.2 (32.1)	+3.4	114.4 (109.4)	947.8 (1,070.6)	19.1 (16.2)	393.2 (421.3)
ELECTRONICS	12	4,210.9 (3,951.0)	372.8 (418.8)	304.9 (364.3)	−16.3	96.6 (146.1)	206.0 (217.1)	−5.1	47.8 (81.2)	−41.1	342.4 (213.5)	1,974.7 (1,779.7)	18.9 (25.5)	921.9 (778.2)
MECHANICAL ENGINEERING	34	11,872.3 (11,205.7)	914.7 (795.1)	763.6 (634.1)	+20.4	260.1 (182.8)	487.3 (431.3)	+13.0	169.9 (130.3)	+30.4	529.4 (547.5)	5,989.5 (5,978.8)	15.3 (13.3)	3,134.6 (3,014.0)
METALS AND METAL FORMING	3	1,390.8 (1,416.3)	120.4 (106.3)	100.7 (81.5)	+23.6	34.9 (32.1)	65.5 (48.8)	+33.4	24.7 (20.6)	+19.9	71.2 (58.0)	585.4 (630.1)	20.6 (16.9)	304.9 (314.3)
MOTORS	7	5,145.8 (4,939.8)	385.1 (351.6)	312.1 (281.4)	+10.9	99.2 (110.8)	200.9 (158.8)	+26.5	65.4 (49.7)	+31.6	246.7 (217.5)	1,873.9 (1,928.1)	20.6 (18.2)	599.8 (561.3)
OTHER INDUSTRIAL MATERIALS	10	5,971.8 (5,354.2)	701.7 (537.3)	523.2 (405.3)	+29.1	131.5 (118.4)	371.8 (275.5)	+35.0	127.6 (88.1)	+44.8	375.0 (305.3)	3,256.2 (2,683.9)	21.6 (20.0)	1,138.1 (822.7)
TOTAL CAPITAL GOODS	100	45,476.1 (42,411.6)	3,819.7 (3,423.8)	3,076.1 (2,741.9)	+12.2	994.5 (944.6)	1,979.5 (1,726.0)	+14.7	668.1 (574.1)	+16.4	2,498.0 (2,162.3	21,846.3 (21,071.3)	17.0 (16.3)	8,230.7 (7,509.8)
BREWERS AND DISTILLERS	2	90.2 (67.8)	15.4 (13.1)	13.1 (11.5)	+13.9	5.5 (4.5)	6.6 (7.1)	−7.0	3.2 (2.5)	+28.0	6.2 (6.0)	141.5 (105.0)	10.9 (12.5)	14.4 (9.8)
FOOD MANUFACTURING	10	20,188.5 (17,723.3)	1,106.6 (1,057.0)	829.0 (811.7)	+2.1	285.0 (300.5)	502.4 (486.0)	+3.4	177.0 (155.3)	+14.0	665.3 (633.3)	6,138.7 (6,270.7)	18.0 (16.9)	1,816.3 (1,456.7)
FOOD RETAILING	1	82.3 (65.2)	4.0 (3.2)	3.8 (3.0)	+26.7	0.5 (—)	3.2 (2.9)	+10.3	0.9 (0.2)	+350.0	4.2 (4.1)	14.4 (12.3)	27.8 (26.0)	−5.6 (−2.4)
HEALTH AND HOUSEHOLD PRODUCTS	3	2,290.5 (2,004.5)	311.4 (241.4)	267.0 (205.3)	+30.1	91.5 (69.4)	169.3 (130.0)	+30.2	56.0 (43.9)	+27.6	71.4 (128.5)	1,207.4 (1,136.3)	25.8 (21.2)	326.0 (561.4)
LEISURE	13	3,434.2 (2,974.1)	417.5 (286.6)	325.9 (242.6)	+34.3	111.7 (87.5)	205.3 (149.1)	+37.7	86.3 (71.5)	+20.7	206.7 (151.2)	3,006.6 (2,341.9)	13.9 (12.2)	67.9 (74.2)
PUBLISHING AND PRINTING	6	996.4 (819.9)	131.6 (123.6)	111.3 (107.8)	+3.3	30.7 (31.1)	77.9 (74.2)	+5.0	45.0 (30.8)	+46.1	62.9 (68.0)	635.9 (444.4)	20.7 (27.8)	86.8 (108.9)
PACKAGING AND PAPER	8	3,100.8 (3,143.0)	190.0 (171.9)	137.4 (121.9)	+12.7	54.8 (36.9)	73.5 (73.9)	−0.5	31.0 (24.0)	+29.2	109.1 (109.6)	1,135.2 (1,034.6)	16.7 (16.6)	383.6 (341.5)
STORES	3	166.2 (159.1)	12.7 (10.7)	10.2 (8.3)	+22.9	3.4 (2.4)	6.6 (5.9)	+11.9	1.8 (1.6)	+12.5	7.9 (7.3)	60.1 (28.3)	21.1 (37.8)	18.9 (19.2)
TEXTILES	7	1,241.1 (1,109.7)	97.0 (85.5)	78.8 (71.5)	+10.2	23.5 (20.4)	53.2 (49.1)	+8.4	19.2 (15.4)	+24.7	58.9 (57.4)	559.5 (540.4)	17.3 (15.8)	294.3 (275.2)
TOBACCOS	2	21,735.6 (22,796.0)	1,696.0 (1,891.9)	1,389.0 (1,612.6)	−13.9	505.6 (590.9)	820.7 (932.0)	−11.9	251.6 (214.7)	+17.2	908.1 (1,069.2)	7,063.5 (7,204.4)	24.0 (26.3)	780.9 (754.1)
TOTAL CONSUMER GROUP	55	53,325.8 (50,862.6)	3,982.2 (3,884.9)	3,165.5 (3,196.2)	−1.0	1,112.2 (1,143.6)	1,918.7 (1,910.2)	+0.4	672.0 (559.9)	+20.0	2,100.7 (2,234.6)	19,962.8 (19,118.3)	20.0 (20.3)	3,983.5 (3,598.6)
CHEMICALS	11	12,814.6 (11,753.6)	1,337.1 (1,462.3)	1,095.5 (1,251.1)	−12.4	381.0 (457.8)	659.8 (738.8)	−10.7	256.6 (223.3)	+14.9	933.8 (1,003.5)	7,195.3 (7,575.5)	18.6 (19.3)	2,225.4 (2,545.4)
OFFICE EQUIPMENT	4	1,122.7 (1,183.9)	191.8 (153.3)	157.5 (115.6)	+36.6	67.2 (45.5)	83.9 (62.7)	+33.8	37.1 (30.2)	+22.9	72.1 (56.6)	1,048.5 (1,054.5)	18.3 (14.5)	309.9 (217.2)
SHIPPING AND TRANSPORT	10	4,644.1 (4,435.3)	451.1 (392.3)	349.8 (274.4)	+27.5	108.3 (84.5)	216.5 (176.7)	+22.5	85.5 (64.9)	+31.7	279.9 (253.7)	2,999.8 (2,967.6)	15.0 (13.2)	56.8 (46.3)
MISCELLANEOUS	20	3,892.9 (3,330.9)	430.6 (342.6)	356.4 (348.6)	+2.2	282.7 (137.7)	207.6 (166.9)	+24.4	71.3 (58.1)	+22.7	253.2 (208.8)	1,651.5 (1,568.1)	26.1 (21.9)	460.0 (479.3)
TOTAL INDUSTRIAL GROUP	200	121,276.2 (113,977.9)	10,212.0 (9,659.2)	8,200.8 (7,927.8)	+3.4	2,945.9 (2,813.7)	5,066.0 (4,781.3)	+6.0	1,790.6 (1,510.5)	+18.5	6,137.7 (5,919.5)	54,704.2 (53,355.3)	18.7 (18.1)	15,266.3 (14,396.6)
OILS	11	72,589.4 (70,715.4)	12,666.2 (13,133.0)	11,555.0 (11,982.0)	−3.6	7,609.8 (7,947.0)	2,206.1 (3,325.5)	−33.7	1,159.9 (1,051.9)	+10.3	3,949.4 (4,306.9)	40,370.7 (46,865.1)	31.4 (28.0)	5,921.1 (6,292.2)
BANKS	5	— (—)	3,698.5 (2,946.6)	2,831.3 (2,219.3)	+27.6	1,321.6 (1,260.0)	1,467.1 (969.1)	+51.4	411.4 (340.3)	+20.9	1,730.9 (1,077.7)	24,079.3 (19,997.2)	15.4 (14.7)	17,437.3 (13,441.0)
INSURANCE (LIFE)	7	— (—)	— (—)	— (—)	—	— (—)	163.6 (131.3)	+24.6	164.1 (140.8)	+16.6	— (—)	39,995.0 (37,324.8)	— (—)	595.4 (258.4)
INSURANCE (COMPOSITE)	7	— (—)	— (—)	— (—)	—	— (—)	−13.7 (13.1)	−204.6	229.4 (221.1)	+3.8	— (—)	32,517.6 (30,494.1)	— (—)	−221.3 (−309.2)
INSURANCE BROKERS	4	— —	251.1 (180.3)	233.8 (171.1)	+36.7	92.2 (71.2)	139.2 (98.1)	+41.9	63.2 (41.7)	+51.6	109.7 (74.5)	663.4 (669.5)	37.9 (26.9)	129.9 (143.3)
MERCHANT BANKS	4	— (—)	— (—)	— (—)	—	— (—)	72.8 (35.3)	+106.2	14.1 (12.1)	+16.5	— (—)	*8,092.7 *(8,987.2)	— (—)	465.2 (356.9)
PROPERTY	10	— (—)	258.0 (225.7)	140.9 (117.3)	+20.1	35.6 (34.2)	97.9 (81.2)	+20.6	50.7 (41.6)	+21.9	49.3 (42.1)	3,428.4 (3,358.6)	7.5 (6.7)	108.5 (68.2)
OTHER FINANCIAL	4	— (—)	168.1 (134.0)	134.4 (108.2)	+24.2	53.3 (46.3)	65.9 (45.3)	+45.5	22.3 (15.8)	+41.1	62.4 (46.1)	866.1 (599.1)	19.4 (22.4)	468.0 (289.0)
TOTAL FINANCIAL GROUP	41	— (—)	4,374.7 (3,486.6)	3,340.4 (2,615.9)	+27.7	1,502.7 (1,411.7)	1,992.8 (1,373.4)	+45.1	955.2 (813.4)	+17.4	1,952.3 (1,240.4)	*†101,549.8 †(92,443.3)	4.3 (3.8)	18,983.0 (14,274.6)
INVESTMENT TRUSTS	33	— (—)	136.0 (125.3)	106.4 (95.6)	+11.3	36.6 (34.0)	67.5 (59.8)	+12.9	66.4 (59.8)	+11.0	1.9 (0.3)	3,918.3 (3,490.2)	3.5 (3.6)	33.5 (96.5)
MINING FINANCE	1	5,310.8 (5,948.6)	944.9 (915.1)	716.7 (670.3)	+6.9	337.1 (343.2)	239.3 (216.4)	+10.6	66.9 (60.7)	+10.2	515.7 (554.7)	5,909.9 (7,154.9)	16.0 (12.8)	1,131.9 (1,549.7)
OVERSEAS TRADERS	10	3,723.0 (4,041.7)	228.2 (347.2)	151.5 (260.7)	−41.9	81.3 (131.8)	73.7 (118.8)	−38.0	52.2 (50.0)	+4.4	84.6 (119.8)	1,911.4 (2,177.3)	11.9 (16.0)	413.4 (507.7)

NOTES ON COMPILATION OF THE TABLE

The classification is that of the Institute and Faculty of Actuaries used in the daily Financial Times—Actuaries Indices.
Col. 1 gives turnover, exclusive of VAT unless otherwise indicated.
Col. 2 gives profits before interest and taxation, that is to say profits after all charges except loan and other interest but before deducting taxation provisions and minority interests.
N.B.—Certain companies, including merchant banks, discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act 1948.

Col. 3 gives Pre-tax Profits, that is to say profits after all charges including debentures and loan interest but before deducting taxation provision and minority interests.
Col. 4 covers all corporation taxation including Dominion, Colonial and Foreign liability and future tax provisions but excluding adjustments relating to previous years.
Col. 5 gives the net profits accruing on equity capital after meeting—
1—Minority interests.
2—All prior charges—sinking fund payments, etc. and Preference dividends and
3—Provisions for staff and employees pension funds where this is a standard annual charge against net revenue.
Col. 6 sets out the net cost of dividend on equity capital.
Col. 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.
Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill—plus current assets less current liabilities, except bank overdrafts.
* For merchant banks a more realistic figure to quote is the balance sheet total.
Col. 9 represents the net return on capital employed. Col. 2 as a percentage of Col. 8 provides an indication of average profitability.
† Excluding merchant banks, and insurance (life and composite).
Col. 10 net current assets are arrived at by the subtraction of current liabilities and provision from current assets.
‡ No figures given.

APPOINTMENTS

Operations director of Eurotunnel

Mr Alain Bertrand has been appointed operations director of Eurotunnel, the Anglo-French partnership responsible for the construction and operation of the Channel Tunnel. Mr Bertrand is deputy manager of the Marseilles region of SNCF, the French national railway company. When the tunnel opens in 1993, we will be responsible for day to day operations.

★

THE ASSOCIATION OF PROPERTY UNIT TRUSTS has appointed Mr David Doubble as chairman of the management committee.

★

Mr Michael Mander has been appointed a non-executive director of THOMSON DIRECTORIES, which is jointly owned by International Thomson Organisation and Dun & Bradstreet Corporation.

★

Mr David Moreton has been appointed to the board of BET PLANT SERVICES. He is managing director of Grayston White & Sparrow, its crane hire subsidiary.

★

Mr George Andrew Rankin Spyrou, head of marketing for AIRSHIP INDUSTRIES, has been appointed general manager, international projects. He joined in 1981 as international counsel before becoming company secretary and then head of marketing.

★

THOMAS MEADOWS has appointed Mr. Geoff Corpe a managing director. He recently took over the regional directorship for Meadows' Scottish operation and has been with the company since 1975.

★

Mr David Hicks has been appointed managing director of E.C.C. JOINERY. He was managing director of Bowater Joinery before its sale to Sarek. E.C.C. Joinery is an English China Clays company.

★

MICRELEC has appointed Mr Simon Gunn to the board as finance director. He joined in 1985 from GKN where he was chief accountant and company secretary of one of its manufacturing subsidiaries.

★

Mr Brian Jolly has been appointed to the board of WALTER LAWRENCE PROJECT MANAGEMENT. Previously a partner in the architectural practice of Jolly & Millard, he will be responsible for the co-ordination of project design.

★

EXCESS INSURANCE GROUP has appointed Mr Ian S. McAllister as cargo and liability underwriter and Mr S. M. Cook as marine and aviation excess of loss underwriter.

★

Mr J. F. Morton is to take charge of ERSKINE HOUSE GROUP'S business in the US. He was with Rentokil Group as regional managing director with responsibility for the US.

★

SWAN HUNTER SHIPBUILDERS has appointed Mr Tim Strudwick as director responsible for procurement and materials. He joins from the offshore division of Trafalgar House where he was business development manager.

★

Mr Richard Anthony Greenwood has been appointed to the board of U.G.H. (HOLDINGS).

★

Mr Ian McLean, deputy general manager, has been appointed general manager of ENGELHARD METALS, responsible for managing all aspects of precious metals trading in Europe.

★

LONDON LIFE has appointed Mr Frank Blackmore to the senior management team with responsibility for sales and marketing.

★

TOUCHE ROSS & CO has admitted Mr Stephen A. Wilkinson a partner in Liverpool.

★

HALL & PICKLES TOOL CO has appointed Mr Michael Bradbury as marketing director.

★

Mr Jim Henderson has been appointed a director on the main board of ARTHUR LEE & SONS, Sheffield. He joined the group as managing director of the steel strip company in 1982, later becoming responsible for the bright bar company. In 1985, he became managing director of the steel division. Other Lee group changes are: Mr Ken Chambers and Mr Ron Underwood, commercial manager and works manager respectively, become directors of Lee Steel Wire and Mr Bill Campbell and Mr Roger Faulkner, commercial manager and works manager, are made directors of Lee Bright Bars.

★

BRITISH LINEN BANK has appointed Mr David Wilson as director of banking in its Manchester office. He joins from The Royal Bank of Scotland

★

Mr Rod O'Donoghue has joined the Inchcape board as finance director. He was finance director of Pritchard Services Group.

★

LAWSON MARDON has appointed Mr Serge DePaoli to the board of Mardon Son & Hall to succeed Mr Steve Willoughby as managing director when the latter retires in 1987. Mr DePaoli was deputy division manager.

★

Mr Philip Lees has become sales director of DUDSON BROTHERS. He was London director. Mr Ralph Waley, who was sales director, has taken over as director of special projects.

★

Mr Derek Cooper has been appointed deputy chairman and Mr Martin Shaw a director of COOPER GAY (HOLDINGS). Mr Michael Jones becomes a managing director of Cooper Gay & Co.

★

Mr John Thompson has been appointed chairman of INDEX INTERNATIONAL, and Dr Robert Reck becomes managing director. Mr Thompson was previously managing director and Dr Reck a director. The company is the European arm of Index Systems Inc. of Cambridge, Massachussetts, US.

★

THE MOSS ADVERTISING GROUP has appointed Mr Peter J. Monkhouse as group marketing director. He was head of the Leeds regional division and will continue to be responsible for the four companies based in Leeds.

★

OCTOPUS PUBLISHING GROUP has appointed Mr Mark Radcliffe as group company secretary from November 17. He succeeds Mr Barry Gillions who is relinquishing the post of company secretary so that he can devote more time to his increasing administrative role.

★

Mr Christopher Shirley has joined the board of THE DEWPLAN GROUP as financial director. He will continue as chairman of Hedgehog Homes, a specialist refurbishment company.

★

Mr David Davenport has been re-appointed as chairman of CoSTRA (Council for Small Industries in Rural Areas) for a further two years.

★

Monsieur Bernard Attali, until recently chairman of Groupe des Assurances Nationales, and on the board of Banque Nationale de Paris, is to join the COMMERCIAL UNION GROUP as special adviser on Continental European affairs. In addition, he is to be appointed chairman of the group companies in France.

ECONOMIC DIARY

TODAY: Conservative Trade Unionists' two-day annual conference opens, Peterborough.

TOMORROW: Department for National Savings October progress report. Sir Geoffrey Howe, Foreign Secretary, addresses Caribbean conference, Miami.

MONDAY: October provisional figures for retail sales. EEC Finance Ministers meet, Brussels. Engineering industry pay talks open. British Airways interim results. EEC Agricultural Ministers start two-day meeting, Brussels.

TUESDAY: Public sector borrowing requirement for October. EEC Industry/Steel Council meets, Brussels. The Queen opens the new Lloyds building, Lime Street.

WEDNESDAY: Third-quarter preliminary figures of output-based gross domestic product. Mr Graham Day, Rover Group chairman, addresses motor trader conference, Heathrow Penta.

THURSDAY: Cyclical indicators for the UK economy (October). Provisional estimates of monetary aggregates (October). London and Scottish banks' monthly statement (October). Trading starts after Virgin flotation.

FRIDAY: British Gas flotation price announced. Mrs Margaret Thatcher visits Paris for regular Anglo-French meeting.

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Policing the Square Mile

ONE LARGELY unforeseen result of financial deregulation is that the City now feels increasingly compelled to wash its dirty linen in public. The new market structures which have emerged—and which are already normal in some other major markets—lead to very obvious potential conflicts of interest, as when the adviser in a takeover is also a dealer in securities. The Chinese walls which, we are assured, protect outsiders from the potential abuses need to be shown to exist, as happened this week when Morgan Grenfell discovered a small breach and closed in very publicly. Breaches could be tackled more quietly when the institutional structure was itself designed to minimise potential conflicts of interest.

Since it is now possible that this first post-deregulation scandal will light some sort of a chain reaction, it is important to remember that scandals are not evidence that behaviour is getting worse (or that it isn't). They are evidence that efforts are being made to enforce better behaviour. The case of Mr Geoffrey Collier demonstrates the vigilance both of Morgan's own enforcement department and that of the firm through which he dealt.

However, these efforts are unlikely to inspire confidence in the City in general, for they have simply underlined the fact that this particular offence—dealing on inside information—is very widespread. They are not the result of deregulation either: in the year before the Big Bang the Stock Exchange investigated well over 100 cases where dealing ahead of news of a bid or an unexpected result was clearly inspired by more than hunch. Only one investigation produced evidence which could go to a court of law. Experienced investors who study detailed price movements will probably believe that even the Stock Exchange's long list is only the tip of the iceberg. A price that has not moved ahead of news is a rarity.

This embarrassing state of affairs raises a lot of difficult questions. Most attention at the moment is concentrated on the problem of policing the City. Every revelation, however, little it ought to surprise those with any close knowledge, is seized on as a text by those who have always argued that a deregulated market would demand independent supervision with full statutory backing, on the style of the Securities and Exchange Commission in New York.

A pragmatist, though, might conclude that the evidence points the other way. Insider trading has been a criminal offence in most major markets for many years; and criminal offences can only be punished if the evidence of them meets a high standard of proof. The result is that the practice is very widespread, yet prosecutions are so rare that they cause major sensations. On the other hand house rules, such as those enforced by Morgan Grenfell, present far fewer problems. If all deals must be channelled through an approved, visible channel, or if certain stocks are placed off limits, there is no need to establish guilty knowledge or intent: rules are rules.

In general, the defenders of self-regulation have always argued that professional standards, which take the general form of "Thou shalt . . ." are in effect much tighter than prohibitory laws, which have to be enforced in the courts, and usually prove to have loopholes. This still seems to us convincing.

The self-regulators have also argued that the informal sanctions of the marketplace, in which a trader who did not inspire unquestioned trust would effectively be frozen out, is more of a deterrent and a better protection for the investor than a policing system. This may well have been true when the City was a rather small community of men, most of whom knew each other personally.

In the much bigger international community of today, it remains to be proved. Experience shows that bodies dealing almost entirely with professionals—trading in Eurobonds, swaps and futures, for example—are sufficiently tight and sufficiently dependent on trust to be effectively self-policing, with a minimal written code of conduct. It is on the frontier between the professional markets and the outsiders—small funds, "names" at Lloyds and individual depositors and shareholders—that temptation flourishes.

One moral is clear. The small individual investors would either hang a sign saying "Caveat emptor" close to his telephone, or settle for the less exciting option of entrusting his money to managers of unquestioned repute. This is only a little truer, though, than it has always been. It is not clear that any great economic damage is done when a few people with inside knowledge turn it into money, whereas fraudulent promoters and deposit-takers, blessedly rare, can do real harm.

However, one thing is worrying: scandals are a considerable political embarrassment to a government which is anxious to foster widespread shareholding, and can only sour a relationship which is already a little edgy. The Government's opaque policy statements have deservedly been getting a cool reception recently both in City comments and in the currency and bond markets. If there is now to be added tension over scandals, or over the laundering of criminal funds, the interests both of the markets and of public administration, regardless of party, would suffer. This is no time for paranoia, on either side.

SANDOZ AND THE RHINE

Quantifiable damages, unquantifiable damage

By David Marsh in Bonn

THE TOXIC tide tipped into the Rhine from Switzerland has wrought long-term damage, spreading well beyond the 500,000 poisoned fish and eels which have gone to a watery grave during the past fortnight.

The wave of dangerous chemicals unleashed by a fire on November 1 at Sandoz the Swiss chemicals company has been compounded by a further stream of weed-killer emptied into the river by Ciba Geigy, another big Swiss chemicals group.

The episode has deeply stained the reputation of a country normally famed for efficiency and cleanliness.

And the Europe-wide imbroglio over the economic and ecological consequences has exposed yet again the limits of inter-governmental efforts to lower the risks, and to compensate the victims, of international environmental accidents.

"It's the old cliché about experience bringing the tests firsts and the lessons later," says Mr Harvey Yakowitz, senior consultant at the pollution control division of the 24-nation Organisation for Economic Co-operation and Development in Paris. "We're still at the stage of reacting."

The Sandoz affair, which is likely to cost the company and its insurers many millions of dollars in lawsuits, is the latest in a chain of industrial mishaps which has left governments and lawmakers thrashing around almost as helplessly as the unfortunate Rhine eels.

But the Rhine row is particularly emotive. The river not only has a unique place in the heart of West Germans as the country's ational symbol and main communications route. It is also a source of water, and a dump for effluents (more or less controlled) along its 1,300 km (900 miles) length.

Sandoz has been accused of being guilty of irregularities in the running of its now burnt-out Basle chemical warehouse. The Swiss authorities also seem to have been complacent and incompetent in not alerting downstream Rhine neighbours promptly.

But any immediate danger for public health has been averted by swift action to switch off water supply pumping stations along the Rhine. Up to now, tests to discover whether poison has entered the water table appear to be negative.

Outrage in West Germany has been heightened by the belief that years of costly effort to try to clean up the river have been nullified.

German chemical companies, like the country's nuclear and coal power station operators, have faced much tougher environmental regulations in recent years. The chemical industry claims to be spending DM 2bn a year in protecting water supplies.

They now fear competitive disadvantages if the Bonn Government reacts to public opinion by tightening safety rules further in the absence of an agreement to bring in similar regulations for other European countries.

The difficulty of drawing up harmonised laws or guidelines on cross-border pollution is at the root of Europe's impotent response to the ecological tragedy unfolding along the Rhine.

Whether in the form of a radioactive cloud from a nuclear plant, sulphur and nitrogen oxide emissions from coal power stations, or mercury waste streaming from a chemicals fire, pollution knows no boundaries.

But efforts to control it are foundering on divergent national legal and regulatory systems, not only across Europe's East-West political divide but even within the supposedly close-knit trading community of Western Europe.

Ten years after an explosion at a factory owned by another big Swiss chemicals concern, Hoffmann-La Roche, spread dioxin over the northern Italian town of Seveso, only four EEC states have legally adopted tighter post-Seveso rules for handling and storing chemical waste.

Now, prompted by the disaster at Union Carbide's Bhopal plant in India, where more than 2,000 people were killed, the OECD is discussing new safety guidelines for hazardous installations.

And six months after the Chernobyl nuclear disaster in the Soviet Union, Western governments have discovered with some shock that international conventions on liability for nuclear accidents signed in the 1960s would not cover the majority of cross-border claims—even if the accident happened in the West.

Conventions signed by Western countries do not cover the indirect costs of evacuating populations, destroying foodstuffs and taking other preventive measures in the wake of nuclear disasters, according to experts at the OECD's Nuclear Energy Agency in Paris. Mr Patrick Reyners, head of the agency's legal affairs division, says that Chernobyl has shown that such indirect costs could be "astronomical."

It was the discovery that dioxin waste from the Seveso explosion had been dumped in unauthorised sites across Europe in the years following the disaster which has prompted OECD governments to try to bring in guidelines covering tighter safety rules and harmonised insurance requirements for dangerous substances crossing international frontiers.

The amount of waste involved is very large. The industrialised world's chemical, oil and manufacturing industries produce an estimated 300m tonnes of toxic waste each year.

The Sandoz incident represents a spectacular, uncontrolled example of a much larger problem.

The OECD estimates that a shipment of toxic wastes crosses a European border on average once every five minutes. A growing part of the waste is on its way to storage dumps in Eastern Europe.

Emphasising the growing political repercussions of cross-border ecological problems, the British Government in September was forced to bring in a £600m programme to clean up coal-fired power stations. They are blamed for acid rain pollution of Norway's lakes and pine forests.

The question of checking industrial pollution from the East Bloc which is damaging West German forests has become a major issue in the Federal Republic. And dumping of salt into the Rhine from French state-owned potassium mines in Alsace has long been a major concern for both West Germany and the Netherlands.

Coinciding with another East Bloc environment scare this week over heating oil released into the River Oder in Czechoslovakia, a court in the north German coastal city of Luebeck has formally blocked a shipment of industrial waste from West to East Germany, for the first time.

The consignment was headed for the giant Schoenberg dump close to the border between the two Germanies. West German towns close to Schoenberg fear that the health risks from the dump, for instance, through contamination of the water table, will pass invisibly through the barbed wire and tank traps which otherwise divide the two countries.

Compared with the environmental catastrophe of Chernobyl, the Bonn Government is relieved that Sandoz has signalled its willingness to pay compensation claims. Bonn faces a damages bill, above all from farmers, of DM 250m over Chernobyl, with the Soviet Union refusing to make any contribution.

But West German officials both at the federal government and in the Rhine-side states (Laender) recognise that the task of bringing claims will be a tough one, both because Switzerland is outside the EEC and because of the problems of proving actual economic damage.

The only proven victims up to now, apart from the fish and eels, have been worms and water snails, says one official.

"One can put a figure on the costs faced by fisherman, or on the bill for bringing in provisional measures to safeguard the water supply. One can also add on the cost of sensible measure to clean up the Rhine again," says an official at the Bonn Environment Ministry, "But the ecological damage is unquantifiable."

The Rhine maidens, with apologies to Arthur Rackham.

'INCOMPREHENSIBLE THAT . . . DANGER WAS NOT REALISED'

THINGS DO not tend to go wrong in Switzerland. In fact, a lot went wrong in connection with the fire at Schweizerhalle, the Sandoz plant near Basle.

However it started, the fire picked a choice spot — a former machine hall containing almost 1,250 tonnes of pesticides and other chemicals, but with neither automatic fire alarms nor a sprinkler system. The store was equipped with what proved to be only rudimentary facilities for preventing water used to fight the fire from entering the river.

The suitability of the hall to store potentially dangerous products has come under criticism. Although it was approved for use as a "chemicals and petro-chemicals store" by the canton of Rural Basle. The government of the neighbouring canton of Urban Basle says it is "incomprehensible that the potential danger of chemicals storage was not realised."

As to the lack of modern fire-alarm and fire-fighting installations, Swiss experts claim that neither conventional heat sensors nor sprinklers would have done much good. Sandoz hardly advanced its case by arguing that "more fire alarms mean more false alarms." But pollution could have been reduced, had there been proper facilities for collecting contaminated water used to fight the fire.

To make things worse, the Swiss authorities did not activate a full pollution alert. When the fire was discovered on November 1 officials admit they did not realise the full extent of the pollution and communications failures added to the delay.

Only a regional alert was given at first — the full-scale Rhine alarm was carried out by Germany. The Swiss did not give official written notification of the incident until almost 24 hours after it was discovered.

The volume of toxic substances which entered the river is still unknown. The canton speaks of "one to several per cent of the stored agro-chemicals, i.e. 10, 20 or 30 tonnes." Of those, several hundred kilos remain on the bed of the Rhine. In a not very reassuring statement on Thursday, a cantonal spokesman said the local waters were currently "no longer very polluted by Sandoz insecticides."

The effect of the Sandoz fire has been heightened by reports of other chemical-pollution incidents in the immediate area. A few hours before the Schweizerhalle incident, a defect at Ciba-Geigy's Basle plant spilled slurry containing 400 tonnes of the agro-chemical anthrazine into the river.

On November 7 there was a further, though small, emission of polluted waste water from the site of the Schweizerhalle fire because of a leaky pipe. And on Thursday last week the German subsidiary of the Basle Lonza concern was ordered to close two sections of its pvc unit just up the Rhine in Waldshut after allegations of "inadmissibly high emissions."

The whole business has cast a harsh light on the Swiss chemical industry — and the Swiss themselves are horrified. A public meeting in Basle ended in uproar after Sandoz representatives were spat at and dead eels were thrown at them. Swiss school children have staged demonstrations and left-wing parties are pressing a long list of changes against the company.

While Switzerland has been a European pioneer in such fields as phosphate-free detergents and catalytic exhausts, minor chemical-industry emissions into the Rhine have tended to be viewed as part of a long list of charges against the price of prosperity—especially as the river leaves Switzerland at Basle. The recent Ciba-Geigy incident, for example, was brushed off by the Basle authorities as a "bagatelle" with the laconic remark that "the emission of substances used for agro-chemical production into the Rhine happens frequently."

But there has been no attempt to play down the significance of Schweizerhalle. Both the company and the Berne Government have said they will meet claims for damages.

These will not bankrupt Sandoz. The company has third-party insurance coverage "at usual industry levels," which means between SWFr 100m and SwFr 150m.

John Wicks

Man in the News

Jose Sarney

A poet's finest political hour

By Ivo Dawnay in Rio de Janeiro

TODAY, as 69m Brazilians go to the polls, another chapter in the extraordinary political fairy-tale of President José Sarney closes. It is hard to imagine he will ever have a finer hour.

Mr Sarney's first 10 months as President—a job, as he once said, "I did not request and did not desire"—lived up to many pundits' low expectations. As recently as February, his Government's performance was generally viewed as lacklustre and directionless. The Brazilian Democratic Movement Party—the main coalition partner—was close to withdrawing its support.

Questions as to the constitutional legality of his accession to the post, after the untimely death of President-elect Tancredo Neves, were re-emerging. Governor Leonel Brizola, the left-wing populist leader of Rio de Janeiro state and the President's principal opponent, was growing in stature daily.

Yet, tomorrow, even before the first ballot boxes are opened and counting begins, it is absolutely certain that the outcome will be seen as a massive popular endorsement of the character and policies of the one key politician not up for election—the President.

Mr Sarney's recovery can be attributed to two factors. The most crucial was the introduction in February of the Cruzado Plan—the radical economic programme that froze prices, raised wages, reduced inflation from treble to single figures and launched an unprecedented boom.

But almost as important as the plan itself was the manner of its presentation by the President—a style that dispensed with the traditional, macho leadership so long associated with Latin America and instead appealed, with genuine humility, directly to the Brazilian people for their support.

Natural modesty—a quality not noted in politicians—has proved the introverted, though avuncular Mr Sarney's most potent political weapon. Those who claim he has much to be modest about risk infuriating the thousands of Brazilians for whom Mr Sarney has come to represent the triumph of the small man over the schemers.

Born 56 years ago in the backward northern state of Maranhao, Jose Ribamar Ferreira da Costa was one of 14 children of a modestly paid federal prosecutor.

His early career was unremarkable, characterised by the traditional patriarchal, Catholic conservatism of rural Brazil. Though at first associated with the progressive wing of the Democratic National Union Party, as he climbed the ladder—winning the state governorship, then graduating to the Senate—he drifted slowly to the right.

When the democratic tide surged back in the early 1980s, Mr Sarney stood among the last doggedly opposing the call for "direct elections now" for the presidency. But he also objected to Mr Paulo Maluf, the pushy Sao Paulo businessman, selected as candidate by the military - backed Democratic Social Party.

With several colleagues, Mr Sarney abandoned the party to found the Liberal Front (PFL) and in a trade-off with Tancredo Neves's PMDB agreed a coalition.

Ironically, Mr Sarney's current tenure of the presidency happened entirely through his lack of ambition. His two principal PFL allies rejected the vice-presidency as being too close to the Neves government for presidential hopefuls.

Mr Sarney accepted the role as a dignified withdrawal from the sharp end of politics in favour of his two passions — literature and painting. As he recently described engagingly in the US diplomatic journal, Foreign Affairs, when his wife, Marly, caught him grabbing a quick nap, he told her: "I am practising being vice-president."

It was not to be. Only 37 days after being elected to the presidency, Neves died. Mr Sarney is reported to have told a friend: "I am not morally or psychologically prepared."

The Neves inheritance was a ready-made Cabinet, more left-wing than its new leader, and a messy package of ambitious targets and unrealisable electoral promises. For 10 months, Mr Sarney stumbled and the high growth, price - indexed economy rattled on toward hyper-inflation.

Even though the Cruzado Plan that emerged on February 28 was not devised in the Planalto Palace, that was where the decision to act, and its public presentation on nationwide television, originated.

By appealing directly to every Brazilian to be "a price inspector for Sarney," the President, perhaps, unwittingly, gave a democracy-starved public a real sense of political involvement.

He has since been reaping the political profits that popularity and authority bring. In July, Mr Sarney approved an economic adjustment that stamped heavily (though some say not heavily enough) on his own middle-class constituency, with hefty taxes on cars, petrol and foreign travel.

Last month, he banged ministerial heads together over a law protecting software copyrights — a pragmatic move that has pleased the US. Brazil is also more cockily assertive on trade and foreign policy—areas approached timidly during 21 years of low profile military governments.

The President himself appears to have rediscovered much of the social awareness of his younger days, repeatedly insisting that the gains of the poor are not to be sacrificed in the inevitable economic adjustments now in preparation.

But as the page turns to the third chapter of the Sarney presidency, the questions are starting to outnumber the answers. How, for example, can the President right the problems of a dangerously overheated, inflation-charged economy without alienating the middle class through tax rises or clawing back the small steps made by the poor?

With a landslide victory for the two principal coalition parties, how can political institutions be developed in such a way as to ensure that the demagogic, xenophobic undercurrents—military or civil—do not become irresistible if high popular expectations are not met?

Is José Sarney, a romantic poet, whose proudest claim is to be a member of the Brazilian Academy of Letters, really the man to resist the firebrand populism of a Brizola or an anxious army?

Opinions differ. But caution is hardly a critical vice in an essentially conservative country.

A lonely figure in a perilous political landscape, the President has somehow communicated to his public the sheer enormity of the task in hand and bought himself breathing space. And, in its wake, almost by accident, a unique place in Brazilian history — a modest, decent man who did his best.

THE COLLIER INSIDER TRADING CASE

Victim of a harsher climate

9 11/15

IT WAS exactly one week to the hour after the Big Bang deregulation of the Stock Exchange that the biggest insider dealing offence ever to be exposed in the UK was carried out by Mr Geoffrey Collier, the securities chief at the merchant bank Morgan Grenfell.

An order had been placed with the London offices of the stockbroking firm Scrimgeour Vickers to buy 50,000 shares in AE, the engineering company, to be executed as soon as possible after the London market opened on Monday morning, November 3, at 8 am. An employee of an associate company in the US placed the order, apparently from his home, the previous evening in the name of an offshore tax-haven company. The order was executed at a price of around 236p per share through the market-making arm of Scrimgeour Vickers, which laid off part of its position with Chase Manhattan Securities.

Shortly before 9 am, a takeover bid for AE was announced by Hollis, the furniture and timber company controlled by Robert Maxwell, which was using Morgan Grenfell as its corporate adviser. Mr Collier, one of the directors in closest contact with the securities markets, had been informed about the proposed bid the previous day and was asked to advise on its pricing and other details. The value of the Hollis cash offer was 260p and not surprisingly the AE share price shot up to 267p. The offshore company had made a profit of £15,000 on its shares in less than an hour.

The suspicions of the two market-making firms were aroused by the timing of the share purchase. An investigation quickly established that Mr Collier set up the company for other purposes while working for the New York office of Vickers da Costa (now part of Scrimgeour Vickers), was the owner of the company and that he had been asked to advise on the pricing of the Hollis bid. The deal was unscrambled and Mr Collier forced to resign.

A constant fear of the last three years has been that the dismantling of the Stock Exchange's traditional safeguards, together with all the other changes in the City's club-like business practices, would lead to an upsurge in abuses and undermine investor protection. A particular fear was that all the newly formed financial conglomerates would be unable to stop their different departments passing confidential information.

Superficially, some features of Mr Collier's case may help to fuel those fears. Mr Collier provides a classic example of the upsurge of head-hunting and job changing in the City over the last three years. He was head-hunted by Morgan Grenfell on a six-figure salary plus bonus in the summer of last year to build up a new equities department of several hundred people, which has incorporated a former stockbroking and a former jobbing firm. The new structure at Morgan Grenfell and all the other City giants, filled with people who have never worked alongside each other before, stands in sharp contrast to the traditional merchant bank and stockbroking firm, where trust was built up over years of common employment.

Secondly, Mr Collier's own position has highlighted what a difficult and subtle process it is to impose effective "Chinese walls" (information barriers) between different departments of the same company without undermining the effectiveness of that company. Even if Mr Collier had not been tempted to deal on his own account, he was required to avoid using the information he had been given about the pending Hollis deal to advise the market-making department under his control. For example, he would have been unable to answer a question as to whether the firm was too long or too short of AE shares. Pre-Big Bang, only stockbrokers, with no link with market-making, would have been brought in to advise on a takeover bid.

However, Morgan Grenfell has rightly pointed out that Mr Collier did not breach its inter-departmental Chinese wall and it sees no need to change its in-house rules.

But there are much more important reasons for thinking that this case shows a higher, rather than lower, standard of investor protection than was the norm before Big Bang.

Until the 1970s, insider dealing was widely regarded in the City as an acceptable and useful perk. It was made a criminal offence only six years ago. Since then only six successful prosecutions have been brought, although around 100 suspicious share price movements, particularly just before a takeover bid, are investigated by the Stock Exchange each year.

The new post-Big Bang system of a large number of competing market-makers constantly laying off positions with one another, and recording all their deals electronically, is more impersonal than the previous jobbing system. But it also means that a firm which has suffered from insider dealing will be more aggressive in pursuing its grievance.

In the past, stockbrokers were often reluctant or at least slow to investigate complaints by the jobbers that their clients must have had inside information—and the Stock Exchange's surveillance department needed time to probe such complaints. Now that stockbrokers (market-makers) are usually working together in the same firm, there is less willingness to protect such clients. The speed with which Chase and Scrimgeour Vickers collaborated and pursued their investigations would not have been possible under the old system.

The break-down of the City's club atmosphere also means that there is less sympathy for suspected wrong-doers. If Mr Collier had committed the same offence 10 years ago, it is quite possible that either the jobbing firms or his own firm would have decided to keep the matter quiet and let him off with a warning, or let him resign discreetly and find another job.

It is also possible that the case will develop its own momentum and that Mr Collier, like Mr Dennis Levine, the New York investment banker who was arrested for insider dealing earlier this year, will offer to give evidence against other City figures who may have committed the same offence.

It would, however, be wrong to draw too many general lessons from this case. Its most striking characteristic is the conduct of Mr Collier himself, which his friends and colleagues find almost inexplicable. His career prospects were excellent. He had few expensive tastes which he might have wanted to indulge with his profits and no record of dishonesty, although he was ambitious and opportunistic.

His method of executing the deal was surprisingly unsophisticated, using a company which, he must have known, could have been traced back to him through his former colleagues at Vickers da Costa. And he must also have realised that the timing and size of the deal would have led to some form of inquiry.

Clive Wolman

MERSEYSIDE AND MILITANT

Labour's running sore

By Ian Hamilton Fazey

A Militant expelled: Derek Hatton

EDWARD BILLINGTON and Sons (est 1858) is one of Britain's three remaining sugar merchants. It has much in common these days with the younger Bear Brand (re-est 1976), the well-known maker of women's tights.

It is not just that both are in Liverpool, but in the way that both are suffering in Labour's endless civil war on Merseyside. The latest battle in this struggle was fought to its finish early yesterday in Knowsley North, when the party's Kinnock faction took another piece of Merseyside's political high ground.

Mr George Howarth, imposed on an unwilling and litigious constituency party by Labour's national executive, survived a 14 per cent swing to Ms Rosemary Cooper, the Liberal. He was thankful there was only a 20 per cent Conservative vote from 1983 for her to squeeze. As it was, she wrung from it all but the last few deposit-saving drops.

Most on Merseyside are innocent bystanders in Labour's war. Liverpool, the socialist fundamentalists' redoubt, is only a little more than one-third of the 1.5m-strong county. Even in the city the community is split: in the municipal election last May, 46 per cent of the electorate voted Liberal, compared with Labour's 42. The Conservative vote collapsed to a derisory 10 per cent.

But how does this affect a sugar merchant and a stockings maker? Mr John Billington, the sugar merchant's chairman, says: "If we want to ask someone to come and see us, he thinks about it—and his wife won't come. Inviting people to the Grand National at Aintree seems to be the only way we can get people from elsewhere to come nowadays."

Synectic Systems, a computer software house, started in 1981 writing shipping management programs.

Then it developed generally applicable financial services packages out of its software and began competing with London-based businesses. Mr John Stowers, the managing director, says: "Merseyside's image has been no help to us at all."

Mr Keith Robinson, director of Merseyside Chamber of Commerce and Industry, says: "The view of much of the business community is that more damage has been done to our image by the Labour leaders of the local authority in just three years than by decades of industrial relations problems."

There are two sides to the way Labour has run Liverpool. Trotskyite activists proudly display the transformation—wrought by their version of socialism—of 17 formerly run-down "priority areas." But lack of business confidence, litter in the streets and a creeping scruffiness across the suburbs suggests a failure of management.

They blame cuts in rate support grant over the years—and the Liberals for not spending more in the 1970s to raise the level from which the cuts were made.

The final judgment on the legality of the Labour councillors' rates rebellion last year—part of their campaign to twist the Government's arm for more money—will be made in January by the House of Lords. At Knowsley North over the last three weeks it has proved difficult to find many in Mr Neil Kinnock's camp who hope the appellants will get off.

There is regret that most will face personal bankruptcy if their appeal fails and sympathy for the less culpable among them. But their disqualification will help the Kinnock camp by removing a whole cadre of experienced left-wing veterans from the strategically important propaganda forum of the council chamber. The Militant-supporting Mr Derek Hatton and Mr Tony Mulhearn have already been expelled from the Labour Party.

After its leaders' conduct in the by-election, the Knowsley North party will almost certainly be disbanded and purged. Other purges on Merseyside are also likely. Not all those expelled will be Militants. Some may belong to other Trotskyite groupings, such as Socialist Organiser.

Knowsley's neighbouring party of St Helens is already suspended, with leading activists, including Mr John Duncan, chairman of the Merseyside Enterprise Board, and Mr Brian Green, the deputy leader of the borough council, facing disciplinary charges and expulsion.

Mr Duncan and Mr Green have been active in a campaign to de-select the two moderate St Helens MPs, Mr John Evans and Mr Gerry Bermingham, both of whom are Kinnock loyalists.

They also spent much of 1984 and 1985 trying to swamp the governors of the Community of St Helens Trust—Britain's pathfinder job-creating enterprise agency—with Left-wing delegates from their main power base, the Trades Council. The idea was to bring the development of small business in the town under "socialist" control. Only the determination of Mr Anthony Pilkington, chairman of both the trust and the glassmaker, thwarted them.

So where does the Kinnock campaign stand now? The Liverpool District Labour Party has been disbanded, the St Helens party almost certainly will be, and so will Knowsley North's in the wake of the by-election mutiny. Meanwhile, the Liverpool Broadgreen constituency party, which tried not to recognise the expulsion of Mr Hatton and which is the power base of Mr Terry Fields, the Militant MP, has been disbanded too.

Paradoxically, the Liberals in Liverpool will operate the other half of the pincer movement there, though Mr Kinnock will not be able to acknowledge this publicly—however grateful he may be for covertly supplied Liberal dirt on Militant.

With ample Conservative votes to squeeze there, the Liberals were yesterday predicting that they would gain Broadgreen, West Derby and Garston from Labour at the next election.

Meanwhile the Conservatives are not as dismayed at this as might be thought: They have no chance of gains in Liverpool and an Alliance push against Labour in Liverpool will help the Tory defence of neighbouring Crosby, Southport and Ellesmere Port-Neston, where the Alliance is the main threat.

The Conservatives believe that Labour is going to have to operate a political "Fortress Falkland" on Merseyside to consolidate its gains so far, just as it had to import organisational task force to fight Mr Howarth's campaign.

As Mr Jack Straw, the Blackburn MP, who was Mr Howarth's "minder" at the by-election, admits: "You have to keep putting them down and putting them down again to keep coming forward." was how he prevented Militant taking over his own party. Sean Hughes, the Labour MP who represents Knowsley South, has been taking similar for two years. "His Militants have now mainly fled elsewhere."

Labour leaders estimate to sort out Merseyside is probably going to take the efforts of up to five agents or full-time officials, paid for by funds from moderate unions whose branches are not in the hands of Militant shop stewards. These, however, are people who, in an election year, should be on the winnable marginals of the North-West, not building redoubts to defend their party in an area where it ought to be rock solid.

When this scenario is put to Mr Nicholas Ridley, Environment Secretary, he smiles. "I wouldn't disagree with any of that." Neither the Kinnock loyalists from Parliamentary Labour Party and Walworth Road at George Howarth's tellingly small tory party early yesterday morning.

Letters to the Editor

Who earned the surpluses?

From Mr I. Lamont.

Sir,—I would like to ask who earned these pension surpluses or the right to take a pension holiday. Was it:—the pension fund managers by achieving superior investment performance? The actuaries by moving the goal posts defining adequate funding? The 12 year equity bull market? Or Mrs Thatcher's economic policies which have dramatically lowered inflation hence allowing the actuaries to move the goal posts?

The answer is probably a combination and it strikes me as the utmost hypocrisy for companies to include the benefits of a pension holiday in their "trading" profits. The only conscious decision management may have taken which, as a result, facilitated a pension holiday was to institute a redundancy programme. (No doubt, however, *Government* policies, leading to poor market conditions etc., would have been cited as a cause for the redundancies).

Any investment analyst worthy of his job will exclude the pension holiday benefits from earnings calculations as being of a non-trading, if not immediately a non-recurring, nature. (The benefit does, however, form part of the year's cash flow).

Excluding the effects of pension holidays from group profit figures should be relatively simple. Alas this is not so, if, as in the recent results from Lucas, an (as yet unpublished) inventory write-down is charged against the pension fund surplus. This particular accounting gymnastic was only revealed at the Lucas Press conference when the company was asked if the pension holiday would be larger or smaller next year. The answer was larger because there would not be the inventory write down to charge against it.

Worse still for the serious analyst is the fact that the pension holiday benefit is reported only as a group total. Lucas' preliminary statement provides geographical and divisional analysis of turnover and pre-tax profits but no indication of how the benefits from the suspension of contributions to some pension funds should be allocated. Again at the Press conference Lucas did provide a rudimentary split between the divisions, but this added up to £21m, which is the benefit after charging the inventory write down. Perhaps all will be revealed when the audited financial statements are published.

I do not believe Lucas has been any less responsible in its reporting of pension holiday benefits than other companies which have happened on this Aladdin's cave. My point is, who do companies think they are fooling by reporting the benefits as growth in trading profits? I only hope they are not deluding themselves that this "profit" growth is a reflection of their management ability and I would not like to see directors' remuneration raised on the basis of overstated profit growth.

I. K. Lamont,
Fairlight Cottage,
Hickmans Lane,
Lindfield, Sussex.

The City and the economy

From Mr C. Glover

Sir,—The Stock Exchange is a valuable institution: it allows the Government to raise huge sums of money quickly and efficiently and it provides a secondary market for corporate securities. But less than five per cent of the cash requirements of companies are raised via the Stock Exchange. So much for the "large pools of money available for investment with very long term horizons" referred to by Mr Damant (November 5).

The bulk of investment through the Stock Exchange is therefore in existing securities. It is common knowledge that most investment institutions review their performance at least quarterly. If this is not taking a short term view, I do not know what is. There is also an understandable preoccupation with timing. It rankles to see a stock one has bought fall in price even though it eventually shows a profit. Why buy a stock now whose immediate prospects (say, one to two years), are poor if you can buy it later on when its longer term prospects become clearer and more certain. There is a many a slip 'twixt the cup and lip as far as prospects are concerned; investors naturally prefer a bird in the hand to two in the bush.

When a company gets into trading difficulties it often takes some years to sort itself out. This may entail unpleasant closures and costly investment in new facilities or products. During this period profits fall and losses may even be incurred. You can be sure that during most of this period the share price will be low. Of course, as soon as any profits recovery is in sight the share price will rise, but for many companies this is too late. The corporate predator will have stepped in and bought up the whole company.

The problem with this sort of conduct is that it makes companies vulnerable and deters them from taking a longer term view where this entails short term sacrifices. It also gives all the glory to the corporate predator. This is what many people find obscene. Financial prestidigitation and the juggling in claims on wealth, ie, company securities, are put at such a high premium and rewarded so extravagantly while the sweat and toil expended in creating the wealth is hardly recognised and poorly rewarded.

No one wants to throw the baby out with the bath water. But until this unacceptable side of capitalism is dealt with, the City will continue to come in for criticism.

Christopher G. Glover.
2-3 Cursitor Street, EC4.

Transferring a title

From the Chairman, Council for Licensed Conveyancers

Sir,—Jill Barton (November 8) is confused. It is important to distinguish non-solicitor conveyancers at present in practice and licensed conveyancers. This council will be granting the first licences in April 1987.

The council is fully seized of the need for adequate consumer protection. It intends to ensure, within the requirements of the Administration of Justice Act 1985, that as far as conveyancing services are concerned, licensed conveyancers should be of equal standing with solicitors in respect of training, indemnity and compensation arrangements, clients' accounts rules including segregation of clients' money, disciplinary and complaints procedures. It will require any candidate for a licence to be a fit and proper person to carry out duties to clients. Licensed conveyancers will also be subject to stringent practice rules.

The council believes that once these arrangements are in force there should be no discrimination against licensed conveyancers on the grounds that they offer a less efficient service. Consumers should be no more at risk when employing a licensed conveyancer to deal with transfer of title than they are when employing a solicitor. I should expect, indeed, that a specialist, employed full time in conveyancing might acquire even greater expertise than a solicitor who only occasionally conveys a title.

The council is holding its first transitional examinations in December for those who already meet its requirements in terms of experience, or qualifications and experience. Those who pass successfully, and those whose qualifications confer exemptions from the examinations, will be invited to apply for licences. By the time the council is in a position to grant the first licences it now expects that there will be several hundred more applicants than was at first estimated.

Rachel E. Waterhouse.
Golden Cross House,
Duncannon Street WC2.

What the market will bear

From Mr M. Price

Sir,—I am intrigued by Nicholas Ridley's proposal (November 5) that local authorities should pay staff "what they can afford." This concept clearly merits careful consideration in view of the extensibility into other areas of the economy.

For example, I suspect there are few outside the Houses of Parliament who would argue with the proposition that we should pay Members of Parliament what the nation can afford. I therefore look forward to all these honourable men and women queueing to repay the salaries they have accepted over, say, the last 20 years or so, led, no doubt, by Mr Ridley.

Also, there will no doubt be early legislation to make directors and shareholders repay fees and dividends accepted in, say, the five years before the company in question ceased trading or went into liquidation. This should benefit the economy in reducing the number of company failures by concentrating the minds of those responsible for company direction.

The possibilities are endless: Well done, Mr Ridley!

M. G. Price.
5, Fox Close,
Emley, West Yorkshire.

Copies and copyright

From Mr I. Baillie

Sir,—I refer to the brief note "Copies and copyright" in your issue of November 1. Since the questioner did not indicate the nature of the paintings it might be worth emphasising that the right of a commissioner in respect of a painting to own the copyright only applies where it is a portrait. One who commissions, for example, a painting of a house or landscape or other work would not acquire copyright ownership and therefore the right to reproduce the painting. This can be an important practical issue for example in commercial art. The commissioner of a work who does not specify otherwise may find himself owning only a limited licence to use the work for the originally contemplated purpose thus the artist responsible for a cartoon for an advertisement might still own the copyright in regard to commercial utilisation of that artwork, for example in toys or other dissimilar industries from advertising.

Iain C. Baillie.
Ladas and Parry,
52-54 High Holborn WC1.

Exchange controls

From Mr K Ord

Sir,—Sir Terence Beckett's speech to the CBI conference (November 12) carefully focused our attention on the futility of capital export restrictions, whether by punitive taxation or the Labour Party's reintroduction of exchange controls "overnight."

I would like to point out what devastation Mr Hattersley is wreaking on the very capital he hopes to conserve in the name of increased investment in this country.

Anyone holding sterling balances in the run up to the next election is aware of the threat of exchange controls. Obviously the Labour Party must win to bring these into effect but a shrewd manager of sterling funds will see that should he transfer out, prior to the election then, with a Labour victory he will gain a hefty premium on transferring back into sterling as and when he wishes. Should the Conservatives win then he will simply change back at no gain or loss, other than day to day fluctuations.

By continually emphasising his intention to restrict the movement of capital abroad Mr Hattersley is driving down sterling and increasing the rate at which pre-election positions are taken up by forward looking fund managers.

As happens so often with bureaucratic meddlers in the markets of the free, their ultimate achievement is the exact opposite of their avowed intention.

Keith Ord,
38, Cheriton Road,
Winchester, Hants.

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B & C makes agreed offer for rest of Steel Brothers

BY CHARLES BATCHELOR

British & Commonwealth Shipping, the financial services and transport group headed by Mr John Gunn, is making an agreed takeover bid for Steel Brothers Holdings, an overseas trading group, in a move which values Steel at £90m.

B & C already owns a 45 per cent stake while a further 24 per cent is held by Tamween Holdings, a company controlled by the Gargour family, who are of Lebanese origin but with interests in London.

The offer has the backing of the independent directors of the Steel board but it was unclear last night whether Tamween would accept.

B & C is offering two shares or 630p cash for every Steel share. B & C's shares rose 1p to 318p to value the share offer at 636p for each Steel share. Steel's shares rose 45p to 630p.

Mr Gilber Gargour said: "I would like to see the basis on which the board has agreed to the offer at such a low premium to the market price. I suspect the reason is that Mr Gunn is very clever."

He added that he had had "a couple of conversations" with Mr Gunn but said the terms of the offer had not been put to him.

The Gargours have trading interests in the Middle East and investments in Europe. They have owned the Steel shares for four to five years. At one stage they owned 30 per cent of Armitage Shanks, the sanitaryware maker, but agreed to a takeover in the late 1970s by Blue Circle, the cement group.

Steel has food and catering interests in the Middle and Far East including airline catering supplies. It also has a lime and aggregates quarrying business in the western US and Canada.

It made a pre-tax profit of £5.49m in the first half of 1986, compared with £5.44m on turnover up from £114m to £120m.

The bid is the first move by B & C since Mr Gunn announced a review of the group's activities at the time of his appointment as chief executive last month. However, during the past 18 months the company has bought out the minority interests in its air transport business and taken full control of Gartmore Investment Management.

At the same time it has been expanding into fields such as commodity trading, stockbroking, leasing and advertising If the deal bid goes through, B & C, which already owns 25 per cent of Cayzer Steel Bowater, an insurance broker, would increase its holding to 50 per cent.

Apart from the ordinary share offer B & C is offering 100p cash for each of the 4.2 and 5.25 per cent cumulative preference shares and 105p for the 5.6 per cent common cumulative preference shares.

Virgin set at 140p to ensure good aftermarket

By Terry Povey

MR RICHARD BRANSON, chairman of Virgin Group, yesterday announced a 140p striking price in the tender offer for the entertainment company's shares. At the price, lower than many City analysts were expecting, the offer was three times subscribed.

It values Virgin at £242m and the number of shares issued through the tender will be 42.86m. Through the offer, in which the minimum tender price was 120p, Virgin raised £60m.

Mr Branson said: "We have set the price so as to make sure that there will be a good aftermarket. We want to see a little bit of an auction when trading begins."

He added: "While I would like investors to stay with us, I'd much rather they could sell and make a profit after trading starts than risk the shares falling as soon as dealing begins."

Morgan Grenfell, Virgin's advisers, accepted that the company had resisted a striking price in the 150p-155p region in the interests of a strong aftermarket when trading in the shares starts on Friday, November 21.

Also at Virgin's insistence, the share allocation favoured small holdings. Investors with the minimum 200 shares will hold about one-sixth of the equity.

The tender offer attracted 108,000 applications, from which 84,500 investors and institutions will receive an allocation.

Applications for the minimum 200 shares will be met in full, for between 300 and 400 will get 200 shares, for 500 will get 250, and for between 600 and 1,000, 300 shares. Requests for 1,500 shares and above will get 25 per cent of the number applied for, subject to a maximum of 500,000. Those who applied for shares at less than 140p will have their cheques returned.

Virgin staff and artistes applied for 2.79m shares and the applications were met in full.

ECC goes ahead with £137m bid for Bryant

BY CLAY HARRIS

English China Clays yesterday launched a £137m hostile bid for Bryant Holdings after failing to convince the Midlands housebuilder of the merits of integration into its construction division.

The Cornish-based clay, quarrying and construction group offered three of its shares for every seven Bryant, as foreshadowed earlier in the week. It added a 130p alternative payable in cash or unsecured loan notes.

The offer values Bryant shares at 137p, as ECC firmed after recent weakness to close 3p higher at 320p. But Bryant shares kept well ahead of the offer price, adding 5p to 149p.

The proposed merger would create one of Britain's leading housebuilders. Solihull-based Bryant is more active in the sector, building 2,200 houses a year in the Midlands and southern England.

ECC's SNW and Bradley operations build 1,200 houses annually but are stronger in the south and southe-west, the north-west and parts of the East Midlands.

The Cornish company claims that the merger would create significant operating economies and make possible considerable in overheads.

Bryant rejected the arguments—and the bid—as failing to recognise its record and future prospects. The offer was wholly inadequate, it said.

Yesterday's bid followed a meeting in Bristol on Thursday night at which the two companies failed to find any common ground.

"They didn't really make any attempt to sell us on a merger," Mr Chris Bryant, the Midlands group's chairman, said yesterday. "They only told us how good we were for them. They wanted our management ability and they wanted our land bank."

Mr Michael Chapman, Bryant finance director, said the company's land bank alone was worth considerably more than its £72m book value at May 31.

Mr John Reeve, managing director of ECC's construction division, said that the chief stumbling block appeared to be Bryant's determination to remain independent.

Directors and Bryant family trusts control about 20 per cent of the shares. Through an associate, ECC holds 2.4 per cent.

ECC is also offering 100p for each of 250,000 preference shares. It is advised by J. Henry Schroder Wagg and Bryant by Robert Fleming.

Ranger increases bid for Berkeley

By Lucy Kellaway

THE BATTLE for Berkeley Exploration and Production, the frail independent oil company, got fiercer yesterday, as Ranger Oil returned with a fresh offer, outbidding Thursday's agreed takeover bid by Clyde Petroleum.

Ranger is now willing to pay 62p a share, compared to its first offer of 45p and to Clyde's cash alternative of 51.7p, which values the group at £15.1m.

Mr Andrew Wilson, chief executive of Berkeley, yesterday advised shareholders not to sell their shares but to "wait and see what reaction comes from Clyde. This one is not over—it's going to run for some time yet."

Moreover, Clyde, which on Thursday announced that it had agreed to buy 25 per cent of Berkeley's shares yesterday, seemed more likely to retire with its profit on the deal than to return with a higher offer. A spokesman for Clyde said that the company was "still considering its position, but it is unlikely we'll want to chase it."

Ranger said that it had increased its offer in view of the independent asset valuation produced in Berkeley's defence document, which valued the shares at 84p.

Ranger's return came to some as a surprise. It had been assumed that Berkeley's chief attraction was its stake in two gas fields in which Ranger is contesting the operatorship. But Ranger has recently discovered they would not help it win the fight.

However, Ranger yesterday said it still wanted to increase its stake in the blocks, and claimed that Ranger offered a "unique fit" for Berkeley's assets.

At the same time as making the new bid, Ranger announced that one of its subsidiaries had bought 1m further shares in Berkeley at 62p each, to take its total stake in the company to 33.4 per cent.

Thermal Scientific US growth

BY TERRY POVEY

Thermal Scientific yesterday announced a doubling of interim profits to £2.2m and plans to raise £12.5m to fund acquisitions in the US.

The USM-listed furnace, plastics and instruments company has reached conditional agreement to acquire Ebtec, a Massachusetts-based laser and electron beam welding company, for a total consideration of £8.6m, including the repayment of £2.76m in debts.

In addition the California-based EB Engineering is to be acquired for an initial consideration of £1.02m.

To fund these and to restore Thermal's cash balances to £3.32m, the company has conditionally placed 5.89m new shares with institutions at 225p. Last night Thermal's shares closed up 9p at 245p.

Existing shareholders in Thermal are being offered these placing shares on a one-for-four basis. While the company's directors, who hold about one fifth of the equity, have decided not to apply, British and Commonwealth Shipping, which presently has a 6 per cent stake, has agreed to take up to a quarter of the new shares.

In the six months to September, Thermal made pre-tax profits of £2.22m (£1.11m) on a turnover of £14.88m (£6.82m). After tax £798,000 (£465,000), earnings per share were 6.5p (4.1p). An interim dividend of 1p (0.75p) has been declared.

According to Mr Hughe Sykes, Thermal's chairman and founder, continuing activities had grown by 20 per cent between the halves. In addition, Thermal benefited from the inclusion for two months of the Scienco-Western acquisition, of a full six months from Torvac and Killion, and of five months from Sharetree.

Through the acquisitions of Ebtec and EB Engineering, Thermal now has half of its business activities in the US, said Mr Sykes. Ebtec incurred a pre-tax loss of $831,000 on a turnover of $6.8m in 1985, and EB Engineering made a profit of $126,000 on sales of $686,000 in the year to February. Net tangible assets being acquired were $3.13m.

Blacks in bid costs wrangle

BY NIKKI TAIT

A ROW has broken out at Blacks Leisure, the camping and leisurewear retailer which was last month saved from receivership by a £1m consortium package, over who should pay costs from an earlier, withdrawn Sears bid.

The dispute—which coincides with consortium plans to raise a further £3m through a six-for-five rights issue to strengthen the trading position—concerns £78,000.

That represents certain expenses incurred in the course of the £3.3m Sears offer. Sears received 54.7 per cent acceptances for its recommended bid in early October, but claimed this was too low in view of the financial restructuring needed and consequently withdrew.

In its offer document, Sears said that it would bear "expenses of and incidental to the preparation and circulation of the document."

But, according to Mr Bernard Garbacz, one of the three-man consortium and Blacks' new chairman, the bill was passed back to Blacks. He has now written to Mr Geoffrey Maitland-Smith, the Sears chairman, insisting Sears pick up the bill.

Meanwhile, the cash call, which involves the issue of 106.7m new Blacks shares, and is being made at 3p, will raise £3m afer expenses. The three consortium members — the others are Mr Leslie Lesser and Mr Alan Thornton, son of the former Debenhams chairman—holds a 37.46 per cent stake in Blacks and will take up their rights in full.

Certain trusts managed by J. Rothschild Holdings have also guaranteed to take up entitlements, which account for another 15.01 per cent. The remaining rights issue shares have been underwritten by Charterhouse Bank.

Blacks has also unveiled first half figures to end-August, showing a pre-tax loss of £790,000 (£1.25m loss) on sales £1.2m lower at £3.98m.

There are no extraordinary items (£1.5m) and after an £18,000 tax charge, the net loss per share is 1.5p, compared with 4p in the first half of 1985.

Last night, Mr Geoffrey Maitland Smith, chairman of Sears, said the company would fulfill its obligations. But he added, "We are not going to pay for independent advisors employed by the company on behalf of independent shareholders." The merchant bank Arbuthnot Latham, which acted for the previous Blacks management, has yet to see its fee and other legal and accountancy bills are believed to be outstanding.

● comment

According to Blacks' new owners, its parlous financial state in the first half meant that stocks were simply not forthcoming, and sales suffered accordingly. A fair bit of the rights issue cash will go towards building these up, with the important skiwear season just getting underway. The new management says it does not envisage any further heavy rationalisation costs, and plans to retain the 40-odd outlets, aiming for annual sales of about £15m. But shareholders have precious little by way of hard facts to go on. The rights price is the same as the price at which the consortium bought into Blacks, and a 62 per cent discount to the current market price of 8p—down 4p on the cash call news. Even so, this is one for gamblers only.

Further interim losses át Cecil Gee

By Philip Coggan

Cecil Gee, the USM quoted retailer and designer of men's clothing announced further attributable losses in the first half to August 2 of £1.9m, compared with £894,000 in the first 32 weeks of last year. Although most of the losses occurred in the Gee 2 division, whose operations are being discontinued, continuing activities slumped into a £554,000 trading loss from a £24,000 profit.

Gee recently received an approach from French Connection with a view to purchasing the 20 Gee 2 stores, which were set up to sell high fashion clothes. However, the group has decided that it would be preferable to sell off the leasehold properties and close Gee 2 as a separate division.

The division is now being wound down and should terminate by the end of this financial year. Further trading losses are expected but they will be less than in the first half and should be offset by property sales.

Mr Michael Gee, chairman, stated at the annual meeting on June 26 that business overall had improved, especially in Gee 2, and that there should be "a significant improvement in trading results." However, he now explains that although turnover did improve at Gee 2, the overhead costs commensurate with running a chain could not be justified with only 20 stores, and the board could not contemplate an enlarged group, in the light of the trading losses. In addition the management time involved in running Gee 2 was affecting the rest of the business.

Losses at Gee 2 are taken below the line (although there was no tax charge) and were £1.38m (£1.24m) in the first half. The loss per share on continued activities was 6p (4p earnings) and in total was 21.7p (10.2p).

Caparo buys 6% stake in Armstrong Equipment

BY CHARLES BATCHELOR

Caparo Group, the private company through which Mr Swraj Paul controls the publicly-listed Caparo Industries, has bought a 5.81 per cent stake in Armstrong Equipment, a Hull-based engineering group.

Mr Paul said the holding was "a long-term investment" which had been made because Armstrong's shares had been depressed recently. They rose 4p yesterday to 136p.

Part of the reason for the depressed share price was the sudden decision by Mr Harry Hooper, Armstrong's long-time chairman, to retire at the end of last month. He has been replaced by Mr Roy Watts, chairman of the Thames Water Authority.

Mr Watts said that the Armstrong board would discuss the share stake on Monday. "This is a good, vigorous company," he added.

Armstrong had not been aware until yesterday that Mr Paul had built a stake.

Armstrong's profits rose 74 per cent to £7.9m in the year which ended June 1986 on turnover which rose 20 per cent to £127m. Armstrong makes suspension systems, fastenings, pressings and radiators.

Barton Transport jumps

The increased trend in profitability was maintained by Barton Transport in the second half, and the company experienced one of its best trading periods for several years.

With the better first half, the company saw a surge in pre-tax profit from £294,000 to £874,000 for the year ended September 27 1986. But the directors stressed that should be taken in isolation and not as an indication for the future.

They explained that lower fuel and interest costs had a major influence on the level of profitability, but since the year end both items have shown increases. Profitability also benefitted from rationalisation carried out over the past few years.

Turnover in the year came to £8.44m (£8.13m). Interest costs were £210,000 (£263,000) and redundancy provisions £60,000 (£13,000). Earnings were 130.2p (40.5p) and the dividend is raised by 4p to 22p net.

Bluemel aware of potential bidder

Bluemel Brothers, the one-time Coventry-based cycle and motor accessories group whose shares were suspended in September 1985, announced yesterday that a potential bidder may be in the wings.

Directors said they have learned that some shareholders may have received an offer to purchase shares from a Channel Islands-based investor, Mr P. N. Dickens. They have asked for a meeting with Mr Dickens, to clarify the terms of the offer and his intentions.

Meantime, they advise shareholders to take no action.

Since the share suspension in 1985, Bluemel's trading subsidiaries have been disposed of, and the company is now a cash shell.

McCorquodale buy-out team may raise offer

By David Goodhart

THE MANAGEMENT buy-out team bidding 310p a share for control of McCorquodale is expected to release its offer document on Monday morning. Speculation continued to mount yesterday that the reason for delay arose from the buy-out team's plan to raise its bid once again.

Mr Robert Maxwell said on Wednesday that he would switch support to the buy-out team if it raised its offer to 315p per share.

The offer document is expected to spell out what level of acceptances the buy-out team needs in view of the potential blocking role of minority shareholders. Mr Maxwell has stated that the figure should be the usual 50 per cent plus one.

In Mr Maxwell's other major bid—the battle between Hollis Group and Turner & Newall for control of AE—he stressed yesterday, following the T&N renewed bid, that "I am totally committed to defeating the T&N offer in order to implement this merger."

It is widely expected that the Hollis bid will be raised above its present £264m level in order to overtake the T&N offer of £270m.

Fitch Lovell takeover values Snowdon at £12m

BY CHARLES BATCHELOR

Fitch Lovell, the acquisitive food manufacturing and distribution group, is making an agreed £12m takeover bid for Snowdon & Bridge, a USM-quoted wholesale distributor to the catering trade.

Fitch already has the backing of shareholders owning 51.1 per cent of Snowdon's shares, including the 18.12 per cent combined holding owned by Snowdon's directors.

This deal brings to about 30 the number of businesses bought and sold by Fitch over the past three years as it has moved out of food retailing and low-margin businesses into higher value operations.

Snowdon distributes food and non-food products to caterers in the North of England and the Midlands. It made a pre-tax profit of £900,000 on turnover of £21.9m in the year ended January 31 1986. Net assets were worth £3.4m at that date.

Since then the company, which came to the USM in November 1985, has announced pre-tax profits in the six months ended July 31 1986 of £575,000 compared with £365,000 the year before.

Fitch is offering 18 of its own shares for every 25 Snowdon shares. Fitch's shares fell 9p yesterday to 250p to value its offer at 180p for each Snowdon share. On the stock market Snowdon's shares rose 27p to 172p.

There is a cash alternative worth 173.52p for each Snowdon share, which has been underwritten by Hill Samuel, Fitch's merchant bank. Snowdon's adviser is stockholder Henry Cooke, Lumsden.

Full acceptance of the share offer would lead to the issue of 4.7m new Fitch shares, equal to 5.9 per cent of the enlarged Fitch equity.

Fitch made a pre-tax profit of £19.7m on sales of £461m in the year ended April 30 1986.

Buckley's Brewery ahead

Buckley's Brewery, which operates in Wales, lifted its pre-tax profit from £481,000 to £557,000 in the half-year to September 27 1986, and said it looked for increased profits over the year, compared with £1.04m last time.

The company detected no improvement in the economy of its traditional trading area, but was certain that steps taken to improve the position were beginning to show benefit.

At the end of the month it will launch a new beer, JB Bitter, and felt that would be well received.

In keeping with the policy of expanding to the east, it will acquire a house in Maesteg and, following completion of an exchange of houses, will acquire the Burgess Green and the Four Winds, both at Port Talbot.

In the half-year turnover reached £6.64m (£6m), although volume sales of beer were lower and the comparable period had the benefit of Easter. In the second quarter there was a marginal increase despite the dismal summer.

Operating profit came to £740,000 (£599,000) split as to beers £594,000 (£532,000), cider £16,000 (£17,000), wines and spirits £35,000 (£31,000), Llan minerals £4,000 (£14,000 loss), other minerals £14,000 (£12,000).

Baldwin in profit

Baldwin, formerly H. J. Baldwin, with interests in investment, property and clay and concrete making, reported a pre-tax profit of £84,000 for the year to the end of April 1986 against a loss of £7,000.

And the company has announced it is acquiring Beever Concrete Group.

Directors of this Nottinghamshire-based company said that the encouraging trend had continued into the present year and they were confident that there would be a beneficial effect on the trading activities for the year.

Total consideration for Beever is £350,000, to be satisfied by the issue of 500,000 new ordinary shares at 40p and 300,000 deferred shares at 50p.

The result was achieved on turnover £300,000 higher at £2.51m. The tax charge was £41,000 (£1,000 credit) and dividends absorbed £10,000 to leave profits for the year of £33,000 against a loss last time of £16,000.

Baldwin is controlled by Hartley Baird.

W. A. Tyzack purchase

W. A. Tyzack, the Sheffield-based precision engineering company, has reached agreement, in principle, to purchase A. R. Heathcote from the private company, Chorley Securities. Heathcote has a machine knives business which is complementary to that of Henry Rhodes, the company which Tyzack bought for £650,000 last July.

On November 5, Tyzack announced full year pre-tax profits up 42 per cent at £401,000.

High-Point falls to £472,000

Following the warning given in May, profits of High-Point Services have fallen from £909,000 to £472,000 in the year ended May 31, 1986.

Earnings fell to 8.08p (16.17p) and there is no final dividend — leaving 1.75p as the year's payment (4p).

The group provides professional advisory, management and financial services to international contracting, offshore oil and gas, and allied industries.

Earnings were affected by trading conditions, particularly in the Middle East as lower oil income caused delay in the finalisation of important construction claims proceedings, on which the group was advising.

Reuters offer

Reuters Holdings is offering £10.8m for Finsbury Data Services. Shareholders accepting the offer, which is recommended by the Finsbury board, can receive payment in cash or B limited voting shares. Holders of 78 per cent of the Finsbury voting shares have irrevocably undertaken to accept.

In the year to the end of June 1986 Finsbury had revenues of £3.1m, up 40 per cent on the previous year.

Debfor pays £3.5m for Halle-Models

Debfor Holdings, Nottingham-based maker of lingerie, is buying Halle-Models (Holdings), clothing manufacturer, for £2.45m. The payment is to include £2.3m cash with the balance satisfied by the issue of 342,500 new ordinary shares.

Halle operates from factories in Macclesfield, Cheshire, Leek, Staffs and Nottingham, supplying many of the major retailers. Pre-tax profits in the year to November 1 1985 were £247,000 and net assets at that date were £2.84m.

Debfor came to the Unlisted Securities Market in April through a placing.

COMPANY NEWS IN BRIEF

ELDERS IXL: The Trade Secretary has decided not to refer to the Monopolies and Mergers Commission Elders' proposed acquisition of four Hanson Trust assets—Courage, John Smith's, Saccone and Speed, and Roberts and Cooper.

BERTAM HOLDINGS (rubber and oil palms)—Turnover first half of 1986 was £519,000 (£624,000) and profit £234,000 (£304,000) subject to tax £79,000 (£115,000). Earnings 0.78p (0.9p). Prices, particularly palm oil, depressed in the period but since improved markedly.

NEW THROGMORTON TRUST (1983): Net asset value at September 30, 1986 per capital share with debenture and income shares at par was 162.11p against 108.22p a year earlier. Interim dividend for six months to end-September unchanged at 1.25p.

DRAYTON CONSOLIDATED TRUST: Net asset value per 25p share was 459p (380.75p) at September 30, 1986. Pre-tax revenue £5.42m (£5.09m) and earnings per share 10.78p (10.34p). Final dividend 8p making total 10.75p (10p).

OLIVER RESOURCES (oil and gas exploration), pre-tax loss for six months to April 30 1986 was I£36,148 (£33,470) against I£163,301 for full year 1984-85. Income was I£67,286 (I£214,717) and amortisation I£41,045 (I£168,751). Loss per share 0.2p (2.3p).

EGLINTON OIL AND GAS: Revenue for period I£90,576 (I£116,855). Pre-tax loss I£84,247 (profit I£22,134). No tax (I£9,000) leaving net loss I£84,247 (profit I£13,134).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Barton Transport	22	June 2	18	22	18
Buckley's Bwy ......int	0.9	Jan 5	0.8	—	2.9
CT Global ......int	0.75	Jan 6	0.75	—	2.5
London Entertainment	2.5	—	2.33	2.5	2.33
Outwich Inv ......int	1.2	—	1.1	—	3.4
Thermaz Scientific int	1‡	Feb 2	1.5	—	5
Whitbread Inv ......int	2.6	Jan 9	2.37	—	7.44

Dividends shown in pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock § Unquoted stock.

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (115)

BRITISH FUNDS (1), AMERICANS (1), CANADIANS (2), BANKS (3), BREWERS (4), BUILDINGS (7), CHEMICALS (5), STORES (6), ELECTRICALS (3), ENGINEERING (1), FOODS (3), HOTELS (4), INDUSTRIALS (20), LEISURE (3), MOTORS (4), NEWSPAPERS (1), PAPER (1), PROPERTY (4), SHIPPING (1), SHOES (1), TEXTILES (1), TRUSTS (25), OILS (1), OVERSEAS TRADERS (7), MINES (6).

NEW LOWS (14)

ELECTRICALS (1) Stone Intl., ENGINEERING (1) Victor Products, FOODS (2) Batleys' Cullen's, INDUSTRIALS (2) Beaverco, High-Point Servs., INSURANCE (1) Alexander & Alexander, LEISURE (1) Lewmar, MOTORS (1) Lucas, PAPER (2) Fitch, Millward Brown, PROPERTY (2) Slough Estates 12¾pc Ln. 2009, Dr 11¼pc 2019, STORES (1) Gee Cecil, TRUSTS (1) Dualvest Inc.

LEADERS AND LAGGARDS

Percentage changes since December 31 1985 based on Thursday, November 13 1986

Tobaccos	+45.55	Other Industrial Materials	+21.69
Mining Finance	+43.23	Banks	+20.82
Textiles	+41.03	All-Share Index	+19.46
Metals and Metal Forming	+40.50	Property	+19.42
Publishing and Printing	+39.69	500 Share Index	+19.22
Chemicals	+32.13	Capital Goods	+18.45
Gold Mines Index	+31.54	Industrial Group	+18.34
Building Materials	+30.83	Financial Group	+16.22
Overseas Traders	+29.74	Shipping and Transport	+14.86
Packaging and Paper	+29.23	Mechanical Engineering	+14.74
Leisure	+28.48	Electricals	+14.64
Investment Trusts	+28.33	Insurance (Composite)	+13.64
Oils and Gas	+26.14	Stores	+12.47
Contracting, Construction	+25.95	Office Equipment	+12.41
Food Manufacturing	+24.74	Other Groups	+10.46
Merchant Banks	+23.85	Insurance Brokers	+ 8.43
Health and Hsehold Products	+23.52	Insurance (Life)	+ 7.09
Motors	+23.43	Food Retailing	+ 6.48
Brewers and Distillers	+22.78	Electronics	+ 5.34
Consumer Group	+22.17	Telephone Networks	−12.36

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	90	14	9	137	345	83
Corporations, Dom. and Foreign Bonds	15	—	54	33	80	232
Industrials	396	487	641	2,262	2,281	3,077
Financial and Props.	151	192	233	913	741	1,228
Oils	37	28	47	184	127	249
Plantations	2	5	7	15	15	40
Mines	32	57	93	288	206	416
Others	28	116	53	321	375	285
Totals	751	899	1,137	4,153	4,170	5,610

Brokers show record results again

BY YOKO SHIBATA IN TOKYO

JAPAN'S FOUR leading securities houses, riding high on the long bull market in world equity markets, have produced record earnings for the financial year ended last September 30, with aggregate pre-tax profits up 65 per cent from the previous year.

The 1985-86 financial year was the fourth in succession during which the securities houses have produced record profits. Nomura, largest of the four, achieved a 85 per cent increase in pre-tax pofits, while Daiwa saw an 89 per cent jump.

The four houses are all raising their annual dividends in recognition of the steep rise in profits. Nomura has lifted its payout from Y8 to Y10.80 a share—an unusually high level in the Japanese context. Daiwa, Nikko and Yamaichi are all increasing their dividends from Y7.50 to Y9.

The securities industry has met growing criticism in Japan for consistently high profits in recent years, and in an oblique response the Tokyo Stock Exchange decided this week to reduce commission rates on deals of Y10m ($62,000 or more) a move which the big four securities companies estimate will reduce their commission income by some 12 per cent during the current financial year.

The period was marked by strong gains in both equity and bond markets, against a background of historically low interest rates in Japan and a generally high level of corporate liquidity, which provided the source of much of the capital deployed through the securities industry into the markets.

In addition to the increased activity traceable to corporate liquidity—much of it routed through tokkin (special money trust) accounts — Japanese banks, life insurance companies and other institutional investors were far more active in the stock market, thanks in part to regulatory changes which have given the life companies, in particular, more leeway in investing in shares.

Equity brokerage commissions at the four houses rose sharply on the back of the surge in market values. Nomura's commission income rose 69 per cent, Daiwa's by 46 per cent, Nikko's by 42 per cent and Yamaichi's by 44 per cent. In addition, commission income from business on behalf of investment trusts was up sharply from the previous year.

THE FOUR MAJOR SECURITIES HOUSES

	Operating income Y bn	Net profit Y bn
Nomura	817.73 (+58.4%)	150.55 (+73.2%)
Daiwa	504.14 (+50.9%)	97.02 (+89%)
Nikko	457.17 (+49.6%)	82.84 (+75.3%)
Yamaichi	415.84 (+40%)	74.27 (+81.8%)

Rhone-Poulenc seeks new equity

BY PAUL BETTS IN PARIS

RHONE-POULENC, the state-owned French chemicals group, plans to raise new equity next year. Its intention is to restrict borrowings to what the company describes as a "reasonable ratio" of 1.1 per cent of debt to capital, following the acquisition of Union Carbide's agrochemical businesses.

Mr Jean-Rene Fourtou, chairman, said Rhone-Poulenc would take over the Union Carbide operations, with sales of $450m, from the beginning of next year. The combined agrochemical operations of Rhone-Poulenc and Union Carbide involve sales of about FFr 10bn ($1.52bn) this year.

Mr Fourtou claimed that the financing of the deal posed "no problems" for Rhone-Poulenc. The equity raising operation was already agreed in principle by the French Finance and Economy Ministry.

Rhone-Poulenc expects to report net earnings of about FFr 2.3bn this year, similar to last year. Mr Fourtou said group debt currently amounted to FFr 16bn and annual cash-flow to about FFr 5.5bn.

Rhone-Poulenc, whose sales in the first nine months of this year totalled FFr 40bn, is also spending FFr 4.5bn on industrial investments this year and FFr 2.7bn on research.

Mr Fourtou said Union Carbide's insecticide interests would complement Rhone-Poulenc's herbicide and fungicide activities in the agrochemical sector.

He said the Union Carbide deal was part of his strategy to reinforce Rhone-Poulenc's presence in core sectors like agrochemicals, pharmaceuticals and healthcare, chemicals and fine chemicals, while searching for partners in other less strategic sectors where Rhone-Poulenc held a relatively weak position.

The deal would reinforce Rhone-Poulenc's position in the US where it has sales of $500m, including $100m in the agrochemical sector.

Honeywell to buy Sperry unit for $1bn

By Roderick Oram in New York

HONEYWELL IS to pay $1.03bn for the Sperry aerospace division of Unisys in a move which reflects both rationalisation of the computer group formed by the merger of Burroughs and Sperry, and a takeover wave in the US aerospace industry.

Goodyear Tire and Rubber said yesterday it was discussing the sale of its aerospace division to Martin Marietta, a leading defence contractor, as one tactic in its fight against an unwelcome takeover offer from Sir James Goldsmith, the Anglo-French financier.

Lockheed, the aircraft and weapons maker, was subjected to further intense stock market speculation yesterday that it would receive a takeover offer from Ford Motor. Both companies have denied talks have taken place, but Lockheed's shares rose another $8¼ to $55½ yesterday morning after advancing $2¾ on Thursday.

Moreover, Rockwell, the third largest defence contractor in the US, is believed to be on the acquisition trail to compensate for the phase-out of its huge B-1 bomber project. It was thought to have made a joint bid with General Electric of the UK for Sperry's aerospace and marine divisions.

Since Honeywell is buying only the aerospace unit of Sperry, talks were continuing with potential purchasers of the marine and microwave business, Unisys said.

Proceeds from the sale of Sperry aerospace, which has annual revenues of $700m from commercial and defence avionics, space systems and flight simulation, will help Unisys' debt reduction programme which it said was "well ahead of schedule."

Atlas Copco sees lower profit

BY SARA WEBB IN STOCKHOLM

ATLAS COPCO, the Swedish industrial, mining and construction equipment manufacturer, has shown a 3.7 per cent decrease in profits for the first nine months on flat sales and warned that profits for the full year would be lower than last year.

Profits, after financial items, were SKr 525m ($75.8m) in the nine months, against SKr 545m.

Sales totalled SKr 7.34bn, compared with SKr 7.3bn. Sales outside Sweden accounted for 91 per cent of the total.

Atlas Copco had predicted higher sales and profits for the full year, but sharp competition and unfavourable exchange rates have forced the group to revise its original forecast.

Exchange rates moved unfavourably in relation to the grocp's main markets — the US, UK, Canada, and Australia —and in relation to two important suppliers of components—West Germany and Belgium.

The group expects that sales will only be slightly higher than last year's figure of SKr 10bn, and that profits for 1986 will be less than the 1985 figure of SKr 828m.

The market for industrial capital goods has not developed favourably, though there was a high demand for industrial compressors and tools within the manufacturing industry.

Metal prices remained depressed, resulting in low levels of investment in the mining industry, though the group says this was partly offset by increased mechanisation in certain mining countries.

Operating losses in the gas and process business in West Germany and the US have also affected group earnings.

Henkel expects marked increase in earnings

By Andrew Fisher in Frankfurt

HENKEL, the West German chemical company which makes Persil washing powder, expects profits to show a marked increase this year, though turnover has slipped in the first nine months. It also aims to seek more acquisitions.

Volume sales rose by 5 per cent, but turnover showed a 6 per cent drop to DM 6.62bn ($3.3bn) as a result of currency falls against the D-mark, and price cuts caused by falling raw material prices which have not yet shown through in lower costs.

The year is proving to be an active one for Henkel, which is increasing capital spending above the 1985 level of DM 404m and expanding the range of its activities.

Henkel, based in Dusseldorf and employing just over 32,000 people, suffered a 21 per cent drop in export turnover in the January-September period to DM 613m. It raised over DM 400m in its first public share issue last year, and increased net profits in 1985 by 36 per cent to DM 177.

Novo may pursue link-up with Danish pill maker

BY HILARY BARNES IN COPENHAGEN

DANISH FAMILY-OWNED pharmaceuticals company, Ferrosan, is seeking new capital either through a partner or by obtaining a Stock Exchange listing in Copenhagen.

Novo, the Danish enzymes and insulin producer, said yesterday that it is one of the companies which has been contacted on Ferrosan's behalf by the international investment bank, Goldman Sachs.

As Novo and Ferrosan are both pursuing research into products influencing the central nervous system, Novo said that it is in talks to investigate its interest in pursuing a link-up with Ferrosan.

Ferrosan said that the families owning most of the equity in the company wished to divest shares. It is a question of how best to proceed, the company said.

A stock exchange listing was planned by Ferrosan for 1984, but the plan was dropped after the company made a loss that year. Ferrosan's turnover in 1985 was DKr 623m from which it made pre-tax profits of DKr 30m ($3.9m). It mainly sells vitamin pills.

Carter Holt increases dividend

HIGHER PROFITS and an increase in the dividend are reported by Carter Holt Harvey, the New Zealand timber and industrial group, for the first six months of 1986, writes our Financial Staff.

Net profits have risen from NZ$38.6m to NZ$48.1m with the result substantially boosted by income from associate companies. Earnings from this source has jumped from NZ$795,000 to NZ$17.4m.

The outturn is allowing the interim dividend to be raised from 5.5 cents a share to 6 cents. Sales for the period improved from NZ$682m to NZ$768m.

TNT in $172m Airborne Freight bid

By Charles Hodgson in New York

TNT, THE Australian freight transport group, has announced a $172m cash offer for Airborne Freight, a US air delivery company.

The proposed transaction would be accomplished through a merger between TNT's US operation and Airborne. Airborne said its board would meet to consider the offer in due course.

Sir Peter Abeles, TNT's chairman, said that TNT might be prepared to raise its $29 per share price "perhaps by a substantial amount" if it had an opportunity to review significant non-public information about Airborne.

"Our goal is to accomplish a friendly acquisition of Airborne. The fit between the two companies is excellent and the combination would produce a strong competitor in the US business," Sir Peter said.

TNT, which operates in over 100 countries around the world, said it intended to maintain Airborne as a separate company under existing management but with the Sydney-based parent's financial and market support.

In fiscal 1986, TNT recorded net operating profits of $67.8m on revenues of $1.59bn.

Airborne shares rose $5¼ to $31¼ in early trading on the New York Stock Exchange yesterday in response to the offer. The company reported profits of $7.4m or 45 cents a share on revenues of $397.1m at the nine months stage this year.

Sea Containers in red for nine months

BY ANDREW TAYLOR

SEA CONTAINERS, the Bermuda-based containers, ferries and port operator, reports a net loss of $1.6m for the first nine months of 1986, against a profit of $44.2m a year earlier.

The result follows a drop in third quarter earnings, which slipped from $53.5m to $24.9m on turnover of $253.7m, against $191.2m.

Mr Jim Sherwood president of Sea Containers said that the cost of redundancies, substantially associated with Sealink UK's Channel Islands service, would be about £19m. As a result Sealink would make a loss this year instead of the £5m to £10m pre-tax profit it had expected to make.

Another 1,000 jobs were expected to go at Sealink, mostly from administration areas and mostly through natural wastage and voluntary redundancy. The labour force had already fallen from 9,400 to 7,000 since Sealink was acquired.

The rescue of Orient Express Hotels, formerly SeaCo in which Mr Sherwood also has a 15 per cent stake will involve a $20m rights issue as well as the sale of minority stakes in some of the company's hotels.

Mr Sherwood said that the climate for container leasing had improved and third quarter losses from Sea Containers' container asset leasing business had fallen to $3.4m compared with $4.5m in the second quarter.

Swedish bourse deeply divided on Fermenta

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

A POWERFUL minority of the board of the Stockholm Stock Exchange led by both the chairman and the directors were in favour of expelling Fermenta, the troubled Swedish antibiotics and animal health group, from the bourse, but were outvoted at last week's disciplinary meeting.

Mr Bengt Ryden, director of the Stock Exchange, said yesterday: "I believe the stock exchanges in New York and London would have acted more toughly if a company had acted like Fermenta has."

A week ago the Stock Exchange board limited its disciplinary action against Fermenta to a fine of SKr 223,308 ($32,300) or twice the company's registration fee. But yesterday it emerged that five leading members of the bourse board were in favour of de-listing Fermenta, the harshest penalty the Stock Exchange can impose.

In a memorandum of dissent to the majority verdict of the board, released yesterday, the members said that on repeated occasions Fermenta has "disregarded fundamental rules for a publicly quoted company" in such a serious way that it should be expelled.

The majority view of the Stock Exchange board was that under existing legislation governing the Stock Exchange it was unclear whether a company itself would be held responsible for actions largely committed by a single individual, whatever his position within the company.

The majority finding said that the company had relied for its information on Mr Refaat el-Sayed, Fermenta's group chief executive and chief shareholder.

The minority's grounds for expelling Fermenta included the fact that the company gave misleading information about the price at which Mr el-Sayed, chief shareholder and chief executive, had sold an important part of his holding in the company, had altered a press release after it had been signed by important parties to the deal, and had failed to inform the market about an agreement entered into by Mr el-Sayed with the Fermenta trades unions in 1981.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986 High	1986 Low
METALS					
Aluminium					
Free Market c.i.f.	$1220/240	-10	[illegible]	[illegible]	[illegible]
Antimony					
Free Market 99.6%	$2375/435	-50	[illegible]	[illegible]	[illegible]
Copper Cash Grade A	£911	+1.5	[illegible]	[illegible]	[illegible]
3 months Grade A	£933.75	+2.25	[illegible]	[illegible]	[illegible]
Gold per oz	$406¼	-1.25	[illegible]	[illegible]	[illegible]
Lead Cash	£318.5	+7	[illegible]	[illegible]	[illegible]
3 months	£326	+11.5	[illegible]	[illegible]	[illegible]
Nickel					
Free market	165/185c		[illegible]	[illegible]	[illegible]
Palladium	$127.00	-1.35	[illegible]	[illegible]	[illegible]
Platinum per oz	$533.00	-24.10	[illegible]	[illegible]	[illegible]
Quicksilver (76 lbs)	$160/170	-7.5	[illegible]	[illegible]	[illegible]
Silver per oz	409.35p	+9.80	[illegible]	[illegible]	[illegible]
3 months per oz	420.10p	+9.90	[illegible]	[illegible]	[illegible]
Tin					
Free market	[illegible]	+110	[illegible]	[illegible]	[illegible]
Tungsten (Ind)	$46.86		[illegible]	[illegible]	[illegible]
Wolfram (22.04 lb)	$32/42		[illegible]	[illegible]	[illegible]
Zinc cash	£552	-13.5	[illegible]	[illegible]	[illegible]
3 months	£568.5	-13	[illegible]	[illegible]	[illegible]
Producers	$920		[illegible]	[illegible]	[illegible]
GRAINS					
Barley Futures Jan	£111.75	-0.85	£110.15	£118.80	£100.80
Maize French	£143x		£135.00	£154.00	£130.00
WHEAT Futures Jan	£110.70	-0.30	£112.10	£121.45	£98.30
SPICES					
Cloves	$3,950		$4100	$5,100	$3,950
Pepper white	$5,850	+200	$5200	$6,725	$4,600
black	$4,700	+50	$4200	$4,700	$3,500
OILS					
Coconut (Philippines)	$385z	+25	$405	$470	$200
Palm Malayan	$330n		$370.5	$405	$197
SEEDS					
Copra (Philippines)	$250y	+43	$265	$290	$140
Soyabeans (U.S.)	$154z		$128.5	$229.5	$137.5
OTHER COMMODITIES					
Cocoa Futures Mar	£1533	+24.5	[illegible]	[illegible]	[illegible]
Coffee Futures Jan	£1921	-269.5	[illegible]	[illegible]	[illegible]
Cotton Outlook A Index	53.10c	+1.00	[illegible]	[illegible]	[illegible]
Gas Oil Fut. Jan	$137.00		[illegible]	[illegible]	[illegible]
Jute UA BWC grade	$310		[illegible]	[illegible]	[illegible]
Rubber kilo	65.00p	-0.50	[illegible]	[illegible]	[illegible]
Sisal No. 3L	$610		[illegible]	[illegible]	[illegible]
Sugar (Raw)	$149.50v	+4.50	[illegible]	[illegible]	[illegible]
Tea (quality) kilo	198p		[illegible]	[illegible]	[illegible]
(low med) kilo	138p		[illegible]	[illegible]	[illegible]
Wooltops 64s Super	421p kilo		[illegible]	[illegible]	[illegible]

† Unquoted. (g) Madagascar. (v) Nov. (y) Oct-Nov. (z) Nov-Dec. (x) Jan-Feb. (t) Dec. (n) Jan.

ALUMINIUM

INDICES

REUTERS

(Base: September 18 1931=100)

DOW JONES

(Base: December 31 1931=100)

COPPER

COCOA

LEAD

POTATOES

NICKEL

TIN

ZINC

SUGAR

GOLD

FREIGHT FUTURES

SILVER

GAS OIL FUTURES

SOYABEAN MEAL

US MARKETS

PRECIOUS METALS sold dramatically towards the end of which had proved a dull day which saw little changes against previous closes, reports Heinold Commodities. December gold values opened at $411 per ounce, and platinum $4 better at $537 in the January delivery, following firm European spot markets in the morning, which appeared to reflect the weakness of stock markets and anticipation of bad retail sales figures. Ahead of the OPEC meeting in Ecuador, the possibility of concrete price supporting measures was also cited as a background bolster. However, a late wave of selling—attributed to trading against traded options which had been declared as well as an uncomfortable review of some heavy long positions—forced gold to plummet to a low of $398 and platinum to $520 per ounce.

NEW YORK

CHICAGO

OIL

HEAVY FUEL OIL

COFFEE

GRAINS

LONDON GRAINS—Wheat: US dark northern spring No 1 15 per cent. Nov 108.50, Dec 107.50. US No 2 soft red winter, Nov 111.00, Dec 112.25. French 11½-12 per cent. Nov 140.50. English feed fob. Jan-Mar 118.00 east coast. Nov 111.50-112.00, Dec 112.50-113.25 buyers/sellers, Jan/Mar 116.50, Apr-June 112.75 sellers east coast. Maize: US No 3 yellow/French transhipment east coast. Nov 143.50. Barley: English feed fob. Jan-Mar 117.00 seller. [illegible]

LEADED GASOLINE

RUBBER

MEAT

WALL STREET

Dow regains 11.39 in 172m volume

HIGHER LEVELS developed in active trading on Wall Street yesterday, recovering at least some of the ground lost Thursday when a wave of late selling battered the market. Rising bond prices, and a new round of buyout activity shored up the Stock Market yesterday.

After falling nearly 10 points at the opening bell, the Dow Jones Industrial Average rebounded to post an 11.39 net rally to 1873.59, reducing its loss on the week to 12.94. The NYSE All Common index, at $140.72, rose 69 cents on the day but shed 78 cents on the week. Gains led losses by 816 to 723 in a volume of 172.06m (163.95m) shares.

The economic numbers released in the morning had very little effect on the market. US retail sales fell 5 per cent in October. Excluding autos, however, sales rose a paltry 0.2 per cent. Producer prices for the month rose 0.2 per cent, compared to the 0.3 per cent rise in September.

The bond market interpreted the decline in retail sales as a sign that the economy is still underlined by weakness and that the Federal Reserve could afford to be more accommodative.

Takeovers and restructurings played a primary role in yesterday's gain. Gillette featured, jumping $10 to $67⅝—it received a $65 a share bid from Revlon and MacAndrews and Forbes Holdings.

Leading the actives list Niagara Mohawk with volume of nearly 17m shares shed $⅛ to $18⅝.

Lockheed, the third most active issue, jumped $5 to $55½ on takeover rumours, despite a denial by the company that Ford Motor was interested.

Other Aerospace companies were also up on speculation. Litton Industries rose $4 to $84.

Borg Warner rose $1⅞ to $42⅝—GAF disclosed it has a 9.6 per cent interest in Borg Warner, and asked the Justice Department for the go-ahead to boost that stake to 25 per cent.

Transworld put on $⅛ to $40⅛—it said its board of directors adopted a plan of liquidation.

Airborne Freight jumped $5⅞ to $31¼—it will consider an unsolicited $29 a share takeover proposal from TNT.

Bally Manufacturing moved up $4⅛ to $21⅛—it denied rumours of a restructuring.

THE AMERICAN SE Market Value index lost 0.13 to 266.63 making 1.07 for the week. Volume 10.21m (11.69m) shares.

CANADA

The Toronto Composite index rose 8.00 to 3070.00 and Oil and Gas 16.1 to 2888.8, but Golds dipped 40.3 to 8343.5.

Factors influencing firming Oil shares include an improved tax and royalty environment and optimism for an Opec Agreement supporting higher oil prices.

TOKYO

Slightly lower after plunging in early trading due to Wall Street's overnight sharp decline. Losses were trimmed on expectations of large-scale institutional buying next week, but declines still outnumbered gains four-to-three. The Nikkei Dow market average closed down 47.97 at 17,390.50, after dipping to 17,290.00. The broad-based first section index fell 5.41 to 1,430.34.

Turnover 330m (500m) shares. Many investors held to the sidelines ahead of the release of US economic data and a regular Tokyo market holiday today (Saturday).

HONG KONG

Lower mainly on position-squaring due to reports of a possible bid by the Cheung Kong group for Husky Oil of Canada.

Hong Kong brokers noted rumours that Husky will issue a statement on the subject later in the day.

The Hang Seng index lost 17.42 to 2,344.03 and the Hong Kong index 10.80 to 1,433.94.

Turnover HK$627.95m (HK$1.06bn).

Cheung Kong shed 50 cents to HK$31.25, as did Hutchison Whampoa to HK$41.

Brokers also attributed the index's fall to a sharp drop in Sun Hung Kai Properties for ex dividend trade—it ended at HK$16.90 against HK$20.20.

SINGAPORE

Stoploss selling and profit-taking caused share prices to weaken over a broad front in active trading.

The Straits Times Industrial index lost 7.63 to 885.63. Turnover 21.6m (24.8m).

Brokers said several counters posted double-digit losses as nervous investors unloaded their holdings amidst market rumours that some Malaysian companies are facing financial difficulties.

Sri Hartamas came under heavy selling pressure, falling 33.5 cents to 51.5 cents on 4.52m units traded.

But second active K.L. Industries regained 5 cents to 45 cents on 3.12m units.

GERMANY

West German shares mostly lower in lacklustre trading as operators wound down for the weekend and the market remained bearish.

Foreign investors were absent from markets, or only trading in very thin volumes, and there was a general lack of buyers. Shares started the day depressed following Wall Street's overnight sharp losses, and a general downward drift in prices here this week sparked o by a 13 per cent drop in carmaker VW's first nine months' group net profits.

The tCommerzbank index of 60 leading shares, fixed at mid-session, fell 7.2 to 1,979.2.

VW shed DM 2.10 to 431.50.

Deutsche Bank were up DM 2.5 at 790.5, following expectations that it will show significantly stronger first nine months' results in early December.

Chemicals also were easier.

SWITZERLAND

Domestic stocks slightly firmer on rather high turnover.

Dealers said the climate for shares had already improved on Thursday.

Hoffmann-La Roche Bearer drifted lower after having surged up Thursday on rumours that Nestle SA was a large buyer. Both companies later said they know no reason for the activity.

Among other Chemicals, Ciba-Geigy Bearer and Sandoz certificate continued to attract speculative demand on low levels. All shares of both companies closed the week well below the levels held before the accident which caused a massive pollution of the River Rhein.

Swiss franc bonds were mixed as demand was dampened by a series of new bonds which are due to start trading soon.

AUSTRALIA

Sharply weaker as bearish sentiment swept markets, following negative signals from abroad overnight and Thursday's record deficit for the October balance of payments figures.

Brokers said sentiment was further dampened by media analysts suggesting a Stock Market "crash was imminent," and by "flat" earnings results by the National Australia and Westpac Banks.

The All Ordinaries index lost 16.7 to 1,362.3, its biggest fall in just over three months. The All Industrial fell 30.3 to 2,152.3, the All Resources index dropped 6.2 to 763.4 and Oil and Gas 12.4 to 584.0. But late bargain hunting saw the Gold index firm 6.7 to 1,630.2. Turnover 164.83m shares worth $A184.15m, with falls outnumbering rises 304 to 241.

Industrials were the worst hit by profit takers, with FAI losing 36 cents to $A8.25, News Corp 60 cents to $A34.40 and Fairfax 30 cents to $A7.80.

Banks were generally easier in heavy trade.

Woolworths were steady at $A3.80 amid continued takeover speculation.

Westmex droped 7 cents to $A2.25 following news its Charterhall subsidiary will bid for Pancontinental Petroleum.

Oil and Gas stocks were easier.

Golds remained mixed but with a firmer bias.

NEW YORK INDICES

TRADING ACTIVITY

Volume† (Millions)	Nov. 14	Nov. 13	Nov. 12
New York	172.06	163.95	152.19
Amex	10.21	11.69	12.59
O.T.C.	—	116.29	107.95

New York	Nov. 14	Nov. 13	Nov. 12
Issues Traded	1,980	1,994	2,006
Rises	816	472	697
Falls	723	1,076	842
Unchanged	441	446	467
New Highs	—	42	65
New Lows	—	19	11

CANADA

TORONTO	Nov. 14	Nov. 13	Nov. 12	Nov. 11	Nov. 10	1986 High	1986 Low
Metals & Minerals	2127.29	212.67	2145.2	2135.7	2143.5	2442.8 (21/8)	1817.4 (5/8)
Composite	3070.0	3062.0	3088.7	3079.7	3073.6	3129.1 (18/4)	2764.0 (17/2)
MONTREAL Portfolio	1545.4	1537.9	1559.0	1558.2	1558.2	1625.5 (16/4)	1389.8 (22/1

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Niag Mohawk	6,880,600	18⅝	− ⅛
Gillette	7,184,800	67⅝	+10
Lockheed	3,620,800	55½	+5
Trans World	3,616,200	40⅛	+ ⅛
Phillips Pet	3,158,600	11⅛	+ ⅛
Goodyear Tire	2,687,100	47⅞	− ⅛
Bally Mfg	2,010,400	20⅞	− ⅛
Borg - Warner	1,642,600	42⅝	+1⅞
A. N. Hauser	1,576,800	25½	− ⅛
Mobil	1,570,200	40⅞	+ ⅛

WORLD INDICES (partial)

	Nov. 14	Nov. 13	Nov. 12	Nov. 11	1986 High	1986 Low
SINGAPORE Straits Times (30/12/66)	885.63	893.26	896.71	979.29	940.84 (5/11)	565.34 (28/4)
SOUTH AFRICA JSE Gold (28/9/78)	—	1853.0	1838.0	1841.0	2061.0 (19/9)	1106.1 (21/4)
JSE Indust (28/9/78)	—	1416.0	1419.0	1416.0	1419.0 (12/11)	1018.5 (2/1)
SPAIN Madrid SE (30/12/85)	172.80	175.90	175.16	178.20	200.79 (8/10)	100.85 (6/1)
SWEDEN Jacobson & P (31/12/56)	2621.91	2657.97	2670.87	2651.14	2672.78 (7/11)	1729.57 (28/1)
SWITZERLAND SwissBankCpn (31/12/58)	568.1	568.2	581.4	565.8	626.5 (8/1)	497.2 (4/8)
WORLD M S. Capital Intl.(1/1/70)	—	341.0	344.1	342.7	360.8 (1/9)	249.8 (25/1)

** Saturday November 8: Japan Nikkei (c). TSE (c).

Base values of all indices are 100 except Brussels SE—1,000. JSE Gold—255.7. JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50: Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed, U Unavailable.

CURRENCIES & MONEY

FOREIGN EXCHANGES

US data fails to impress

US ECONOMIC statistics released yesterday were broadly in line with expectations and the dollar finished slightly weaker on the day in thin pre-weekend trading. Fears that retail sales would fall sharply pushed the dollar weaker earlier this week and when a fall of 5.0 per cent was announced there was little reaction. A non-auto rise of 0.2 per cent provided some comfort.

While attention appeared to focus on the highly erratic retail sales figure, industrial production for October was also released and this was less than encouraging as unchanged from September. Producer prices showed a rise of 0.3 per cent, the third increase in a row although the year on year rate was down 1.4 per cent. Against this background there was little incentive to open fresh positions ahead of the weekend and with most dealers squared off before the figures, the dollar tended to drift away to close at DM 2.0030 from DM 2.01 and SFr 1.6620 from SFr 1.6685. It was higher against the yen at Y161.45 from Y160.85 on fears of central bank intervention but slipped against the French franc to FFr 6.5625 from FFr 6.5775. On Bank of England figures, the dollar's exchange rate index fell to 110.7 from 111.1.

The pound managed a modest recovery, with a closing exchange rate index of 68.3 up from 68.2 at the opening and Thursday's close. News of a 0.2 per cent in retail prices to give an unchanged inflation rate of 3.0 per cent provided some cheer although there was little incentive to push sterling firmer before the outcome of the latest Opec meeting. It closed at $1.4295 from $1.4255 against the dollar but eased slightly against the D-Mark to DM 2.8625 from DM 2.8650. It rose against the yen to Y230.75 from Y229.25 and FFr9.38 from FFr9.3750 but eased to SFr2.3750 from SFr2.3775.

D-MARK—Trading range against the dollar in 1986 is 2.4710 to 1.9740. October average 2.0038. Exchange rate index 142.8 against 135.4 six months ago.

Early trading in Frankfurt saw the dollar trading nervously within a narrow range ahead of the release of US economic statistics. At the fixing it eased to DM 2.0118 from DM 2.0220 and there was no intervention by the Bundesbank. The dollar closed at DM 2.0105 down from DM 2.0205. A brief flurry followed the release of US economic data before proximity of the weekend left the US unit to drift slightly towards the close of business.

JAPANESE YEN—Trading range against the dollar in 1986 is 202.70 to 152.35 October average 156.36. Exchange rate index 206.2 against 208.3 six months ago.

Trading was rather nervous in Tokyo yesterday as speculators jockeyed for positions ahead of the release of US economic data. The dollar closed at Y161.55 compared with Y160.90 in New York and Y161.65 in Tokyo on Wednesday. Once again trading was confined to a narrow range. The D-Mark ended firmer at Y80.14 up from Y79.69.

£ IN NEW YORK

Nov 14	Latest	Previous Close
£ Spot	1.4295-1.4305	1.4265-1.4275
1 month	0.56-0.53 pm	0.57-0.56 pm
3 months	1.79-1.74 pm	1.81-1.78 pm
12 months	6.35-6.25 pm	6.50-6.40 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Nov. 14	Previous
8.30 am	68.2	68.0
9.00 am	68.3	68.0
10.00 am	68.3	68.0
11.00 am	68.4	68.0
Noon	68.4	68.1
1.00 pm	68.3	68.1
2.00 pm	68.2	68.0
3.00 pm	68.4	68.1
4.00 pm	68.3	68.2

CURRENCY RATES

Nov. 14	Bank rate %	Special Drawing Rights	European Currency Unit
[illegible]	[illegible]	[illegible]	[illegible]

CS/SDR rate for Nov. 13; 1.66289

CURRENCY MOVEMENTS

November 14	Bank of England Index	Morgan Guaranty Changes %
Sterling	68.3	-25.2
U.S. Dollar	110.7	+2.7
Canadian Dollar	77.4	-12.6
Austrian Schilling	133.8	+9.2
Belgian Franc	97.5	-2.6
Danish Kroner	89.9	+2.4
Deutsche Mark	142.8	+19.8
Swiss Franc	167.3	+21.2
Guilder	133.1	+13.1
French Franc	70.9	-12.5
Lira	46.3	-15.5
Yen	206.2	+52.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Nov. 14	£	$
[illegible]	[illegible]	[illegible]

* Selling rate.

POUND SPOT—FORWARD AGAINST THE POUND

Nov. 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4220-1.4315	1.4290-1.4300	0.57-0.54c pm	4.66	1.79-1.76 pm	4.97
Canada	1.9722-1.9798	1.9775-1.9785	0.42-0.33c pm	2.28	1.30-1.17 pm	2.54
Netherlands	3.23-3.24¼	3.23-3.24	1½-1⅜c pm	5.33	4⅝-4¼ pm	5.56
Belgium	59.59-59.85	59.75-59.85	20-15c pm	3.51	60-51 pm	3.71
Denmark	10.82½-10.87	10.86-10.87	1-⅛ore pm	0.76	2⅝-1⅞ pm	0.83
Ireland	1.0500-1.0560	1.0510-1.0520	0.16-0.34p dis	−2.85	0.55-0.84 dis	−2.64
W. Germany	2.85¼-2.87¾	2.85¼-2.86¼	1⅝-1½pf pm	6.29	4¼-4⅛ pm	6.38
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc 60.15-60.25. Six-month forward dollar 3.47-3.42c pm. 12-month 6.45-6.35c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Nov. 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4220-1.4315	1.4290-1.4300	0.57-0.54c pm	4.66	1.79-1.76 pm	4.97
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 42.05-42.15.
Correction for Nov. 13, West German close 2.0095-2.0105

EURO-CURRENCY INTEREST RATES

Nov. 14	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: Two years 6⅞-6⅝ per cent; three years 7¼-7⅛ per cent; four years 7⅝-7½ per cent; five years 7⅞-7¾ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Nov 14	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Rates ease on better tone

INTEREST RATES finished a little lower in London yesterday. This reflected a slightly better performance by sterling and better than expected inflation figures. Retail prices in October rose 0.2 per cent after 0.5 per cent in September to give an unchanged year on year rise of 3 per cent. The dollar's indifferent performance left currency markets rather quiet ahead of the weekend and sterling managed a 0.1 rise on its exchange rate index.

The market was awaiting the outcome of the meeting of Opec nations with hopes that a steady or higher oil price would result in a further boost for sterling and less upward pressure on UK interest rates. Three-month interbank money yesterday was quoted at 11¼-11⅛ per cent compared with 11⅜-11¼ per cent on Thursday and the one-year rate was lower at 11¼-11⅛ per cent compared with 11⅜-11¼ per cent.

UK clearing bank base lending rate 11 per cent since October 15

Overnight money touched a high of 13 per cent at one point and a low of 9¾ per cent. The higher cost of money was partly a reflection of the Bank of England's apparent under assistance with just £306m of help given on a shortage of around £450m.

The Bank of England forecast a shortage of around £450m with the main factors affecting the market including maturing assistance and a take-up of Treasury bills together draining £386m and a rise in the note circulation a further £275m. These were partly offset by Exchequer transactions which added £225m and banks' balances brought forward £5m above target. The Bank gave assistance in the morning of £104m through outright purchases of £1m of eligible bank bills in band 3 at 10⅞ per cent and £103m in band 4 at 10⅞ per cent. Further help was given in the afternoon of £168m through outright purchases of £4m of eligible bank bills in band 2 at 10¾ per cent and £164m in band 4 at 10⅞ per cent. Total assistance came to £306m.

The average rate of discount at the weekly Treasury bill tender rose by 0.0706 per cent to 10.6388 per cent, underlining concern about sterling. The £100m of bills on offer attracted bids of £456.2m compared with £449.5m the previous week and all bills offered were allocated. The minimum accepted bid was £97,345 against £97.36 and was received as to about 99 per cent and above in full compared with 21 per cent previously. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

In Paris the Bank of France left its money market intervention rate unchanged at 7 per cent when adding liquidity to the money market through the purchase of first category paper. These must be bought back on November 28.

Nov. 14	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.14) 3 months U.S. dollars		6 months U.S. dollars	
bid 5⅞	offer 6	bid 6⅛	offer 6¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

Nov. 14	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Market Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 10¾ per cent; three-months 10⅞ per cent; Bank Bills (sell): one-month 10⅞ per cent; three months 10⅞ per cent; Treasury Bills: Average tender rate of discount 10.6388 p.c. ECGD Fixed Finance Scheme IV reference date October 8 to 31 (inclusive): 11.237 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 per cent from November 1, 1986: Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10¾ per cent; one-three months 11 per cent; three-six months 11¼ per cent; six-nine months 11¼ per cent; nine-12 months 11¼ per cent; Under £100,000 10¾ per cent from November 14. Deposits held under Series 5 10⅞ per cent. Deposits withdrawn for cash 5½ per cent.

LONDON STOCK EXCHANGE

Steadier day for Gilts and equities

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 27	Nov 6	Nov 7	Nov 17
Nov 10	Nov 20	Nov 21	Dec 1
Nov 24	Dec 4	Dec 5	Dec 15

*New time dealings may take place from 9.00 am two business days earlier.

A steadier performance by the pound put a brighter face on the UK securities markets yesterday. Government bonds staged a cautious rally after two sessions of falling prices, as traders awaited news this weekend from the meeting of the OPEC Pricing Committee. Equities shaded easier in quiet trading but were unaffected by Wall Street's weakness overnight.

Long-dated gilts at first extended their rally from the setback in the first half of the previous session, which had taken many prices down to their lowest levels for the year, and around 25 per cent off the year's highs. Once again, Treasuries took their lead from the LIFFE gilt futures, and both cash and futures lost momentum when the December futures contract baulked at a resistance level of 108.16.

The bond market then quietened down, paying little heed either to the latest UK Retail Price Index or to firmness in US bonds following publication of the US advance retail sales figures. At the close, Government bonds showed gains of ¼ to ⅜, and the FT Government Securities Index, at 81.38, was 0.34 higher.

"A pretty traumatic week for gilts," said one leading market maker, adding, however, that the 11 per cent yields now available on long-dated bonds had rekindled institutional demand. Much still depends on sterling, and the short dated remain vulnerable to interest rate worries.

The equity market had a very quiet session, featured only by a modest firming in oil stocks ahead of the OPEC meeting. Unexciting turnover in British Petroleum (2.5m shares) left the price a couple of pence better, and there were similar performances from Shell (841,000) and Britoil (5.6m).

Japanese support for Glaxo (1.2m) was abruptly switched off, and Imperial Chemical Industries (1m) gave up some of their recent gain as US buyers also backed off. But trading in both these major blue chips was well below recent average levels.

Among the more lively issues, Hanson Trust (8.2m) could make little progress despite demand from US sources seeking to top up their ADR holdings. The FT-SE 100 Index, seven points down in early trading, ended a net 0.3 lower at 1644.3. The FT Ordinary Index at 1293.2 lost 2.5 points.

Moorgate Merc. up again

Moorgate Mercantile continued to attract support in the wake of the excellent half-year figures and news that a subsidiary of Mr John Gunn's British and Commonwealth holds a near-25 per cent stake in the company, closing a further 1½ up making an advance of 13½ on the week at 63½p. Merchant banks made progress in places with Ion Bros. 4 better at 85p in response to speculative support and Hambros 4 dearer at 229p; the latter's interim results are scheduled for November 25. Morgan Grenfell improved a few pence at 413p; on Tuesday the shares touched 390p following the shock resignation of Mr Geoffrey Collier, head of the group's securities operations.

Comment on the excellent third-quarter profits helped Royals improve 9 more at 837p. Commercial Union and General Accident, however, which both reported disappointing quarterly figures earlier in the week, remained friendless with CU closing a further penny off at 289p and GA 7 down at 828p.

The drinks sector gave further ground as institutional investors again proved to be reluctant to establish fresh positions in front of the forthcoming results season. Guinness provided a notable exception to the general trend, however, and advanced 7 to 343p reflecting enthusiasm ahead of the introduction of American Depositary Receipts in the company, believed to start next Thursday. Regional Breweries, selectively sought of late amid revived takeover speculation, closed below the best as sellers often held sway in lively and two-way business. Morland, up to 390p, settled a net 15 off at 370p, while Vaux, again buoyed by fresh talk of a bid from Pleasurama, closed 3 up on balance at 453p, after 457p. Buckleys advanced 8 to 157p as recent bid chatter resurfaced; the company announced increased interim dividend and profits yesterday.

BCI higher

Leading Building issues showed modest gains where altered. Following Thursday's disclosure that Adelaide Steamship had built up a 6.3 per cent stake in the company, Blue Circle, boosted by traded option activity, rose 9 to 650p. Renewed demand was forthcoming for Redland, 5 dearer at 399p and Tarmac, the same amount higher at 453p. Bryant Holdings were marked up 5½ to 149½p, after 152p, following a formal share-exchange offer with cash alternative of 130p per share from English China Clays: the latter hardened 3 to 320p. Buyers returned for recent favourite Helical Bar which earlier in the week announced a major property development and the price climbed 35 to 471p.

Press comment prompted a couple of bright features in the Chemical sector, with R. H. Morley rising 14 to 57p and Thurgar Bardex gaining 6 to 72p.

Martin Ford wanted

Secondary issues provided the major focal points in the Stores sector. Martin Ford met with renewed speculative interest and rose 8 more at 78p, while demand of a similar nature left Charlie Browns Car Port 7 higher at 175p and Goldsmiths 10 up at 220p. Lee Cooper, in which Compagnie de Navigation Mixte, SA holds a near-13 per cent stake, moved up 2 at 290p, while N. Brown firmed 23 at 245p ahead of Monday's interim results. Acquisition details helped Debfor jump 9 to 151p. Ratners firmed 4 at 247p. Share Drug came on offer ahead of Monday's annual figures and lost 7 at 283p.

Plessey lost 4 afresh for a two-day decline of 13 at 178p; the reaction occurred as analysts downgraded profit estimates for the full year following the group's interim results. Other leading Electricals usually made modest progress. Cable and Wireless, scheduled to report interim results next Thursday, hardened 4 at 307p, while GEC also added 4 at 185p and British Telecom firmed a penny at 198p. Elsewhere, Thermal Scientific reflected the excellent half-year results with a gain of 19 at 245p, while AB Electronics gained 22 at 322p in response to revived speculative support.

Foods quiet

Leading Foods were dormant. Unigate drifted off to close 4 cheaper at 310p, while Northern Foods slipped 4 to 273p. Secondary issues displayed a bright feature in Snowdon and Bridge which jumped 27 to 172p following an agreed bid worth some £12m from Finch Lovell: the latter shed 10 to 249p. Mnei Trade Suppliers, up 10 at 150p, revived on asset value considerations and take-over prospects.

Grand Metropolitan, a firm market on Thursday reflecting consortium bid hopes, encountered profit-taking and slipped 3 to 458p. Press comment highlighting take-over prospects boosted Kennedy Brookes 19 to 304p. A lacklustre session in the miscellaneous leaders was featured by a revival of BTR bid speculation in Pilkington which advanced to close 15 higher at 555p. Unilever, in contrast, a good market earlier following the third quarter figures, drifted back to close ⅛ lower at £19⅞ on profit-taking in the wake of reports of an uninspiring presentation in New York. Beecham, 429p, and Boots, 221p, both closed little altered awaiting their respective interim statements scheduled to be announced next Thursday. Hanson Trust (8.2m) which closed a share easier at 208p were again one of the most actively traded stocks. Elsewhere, bumper preliminary figures prompted a gain of 85p to 375p in Burton Transport. But Fisons continued to drift lower in the wake of a broker's downgraded profits forecast and eased 3 more to 552p. Transport Development, reflecting Bunzl bid hopes, gained 7 more to 201p, while Redfearn Glass responded afresh to the preliminary figures with a further gain of 13 at 258p. Charles Baynes, the subject of a speculative flurry in previous trading session, ran back smartly to close 6 off at 23p. Press comment prompted a rise of 3 to 221p in Celcrall, but Reuters ended 4 easier at 532p following news of the recommended offer for Finsbury Data Services.

Turner and Newall's re-entry into the AE affair with offer terms slightly better than those from Hollis seemed to promise further developments and AE gained 4 to 271p. Hollis also went better to close 5 up at 80p, while Turner and Newall improved a penny to 175p. The disclosure of the Caparo (LTI) 5.8 per cent stake touched off fresh buying of Armstrong Equipment which rose to 138p before ending a net 4 dearer at 136p. Lex Service emerged from a lean spell, gaining 12 to 322p late, but Harwells slipped back 3 to 82p.

Newspaper highlights included Octopus Publishing, 10 higher at 535p, and A. & C. Black another 10 up at 325p. Associated Paper put on 7 more to 250p with buyers anticipating good annual figures next month, while Bunzl picked up 3¼ to 203p on a report the more broking houses would shortly upgrade their rating of the group. MAI's counter of a share exchange, or cash, offer to the Piccadilly House (London) rescue bid took LCA Instr to 127p prior to a close of 33 better on the day at 126p.

Property leaders tereneed easier in quiet trading. MEPC were not helped by news that its application to redevelop Lee House, London Wall, has been turned down by the Court of Common Council and the price weakened 6 to 336p. Land Securities slipped 5 to 337p. Elsewhere, Daejan rose 15 to 655p and Bradford Property Trust gained 13 to 450p following "buy" recommendations from brokers Panmure Gordon. Control Securities were a firm market at 22p, up 1¼, but Grosvenor Square Properties, which jumped 28 on Thursday following the announcement that preliminary bid talks are in progress, encountered profit-taking and reverted to 110p.

Tiphook quietlyextende this week's advance, closing 25 up for a five-day rise of 63 to 380p. Ocean Transport fluctuated narrowly after Thursday's response to Ron Brierley's IEP (UK) increased offer and settled 1½ off at 253p. M & G Investment Managers confirmed recent market purchases of Ocean Transport shares by Chartering. Inc increased stake of 12.45 per cent.

Jean Crowther moved up smartly on talk of a broker's visit to end 7 higher at 165p. Other Textiles were quiet but renewed speculative demand gave rise to bid possibilities in Irish-based Youghal which improved 2½ to 17½. S. Lyles rose 3 to 93p.

Investment Trusts provided numerous features. Outwich went 6 higher to 221p, after 223p, following the recommendation for partial unitisation and creation of a new company, Stratton IT, while Plantation gained 5 to 91p after the interim trading statement. Still reflecting the bid approach, Scottish and Mercantile "A" improved to 99p, while the associated Scottish Cities "A" jumped 17 further to 525p. Fashion and General were good at 435, up 30. In Financials, recently-beleagured Exco attracted support and rose 13 to 238p, but profit-taking lowered NMC Investments 7 to 191p.

Oils firm

The Oil majors presented a firm appearance awaiting news from the latest Opec meeting currently underway in Ecuador. Hopes that the meeting will result in firmer crude prices encouraged support for British Petroleum, finally 6 dearer at 698p. LASMO also gained 6, to 160p, as did Enterprise, at 166p. Britoil added 2½ to 165p as some 5.6m shares changed hands, but Ultramar shed 3 to 156p, following "sell" advice from brokers L. Messel. Elsewhere, Berkeley Exploration gained 8 to 62p to match the counterbid from Ranger Oil (UK). On Thursday, Berkeley revealed details of a recommended merger with Clyde Petroleum. Petranol rose 8 to 54p amid mounting speculation about a possible bid of between 70p and 80p early next week. Century Oils attracted support ahead of the results due soon and the price advanced 12 to 136p.

British and Commonwealth's agreed bid for the 55 per cent of Steel Bros not already owned brought a late spurt of 45 in the latter to 630p. B and C hardened to 318p. Overseas Traders were generally more active with Inchcape up 9 at 505p amid revived bid speculation and Harrisons & Crosfield 7 higher at 473p. Ocean Wilsons responded further to Thursday's bid approach with a gain of 3 to 85p.

South African Golds displayed modest losses—their first reverse in six trading sessions—reflecting a widespread mark-down in London on the lack of enthusiasm from Continental sources and relatively disappointing domestic data from the US.

Recent interest from Wall Street, which reached a head on Thursday in front of the Congress deadline for new US investment in the Republic, was notable only for its absence, and although dealers reported limited demand from Johannesburg following the Rand's easier showing against the dollar, quotations in sterling terms closed around the day's lowest.

Cape operators, encouraged by slightly firmer bullion—the metal finished $1.25 up on balance at $405.5 an ounce—proved to be buyers of heavyweight Golds, but advisers from other international centres left the sector with a decidedly irregular appearance. The FT Gold Mines index fell 3.4 to 325.1—still up over 20 points on the week.

The lack of overseas demand for overnight Sydney and Melbourne prompted an easier trend in "down-under" mining markets which were reflected in London. CRA dipped 11 more to 316p, while the new nil-paid gave up 7 to 95p. Metals Exploration were quoted at 41p ex-the-rights issue, while Mid-East Minerals, also quoted in ex-rights form, closed at 36p.

Traded Options

Relatively subdued conditions among the underlying securities were mirrored by Traded Options. Total contracts transacted amounted to 27,283 — made up of 20,340 calls and 6,943 puts — well short of the levels attained in the past couple of weeks. Hanson Trust, the subject of considerable interest recently, attracted 3,672 calls, while operators also displayed interest in Lasmo and Guinness which reported 1,975 and 1,354 calls respectively.

Traditional Options

- **First dealings** Nov 17 Dec 1 Dec 15
- **Last dealings** Nov 28 Dec 12 Jan 2
- **Last declarations** Feb 19 Mar 5 Mar 19
- **For Settlement** Mar 2 Mar 16 Mar 30

For rate indications see end of Unit Trust Service

Call options were taken out in Mecca, Benlox, Southend Stadium, Johnson and Firth Brown, Control Securities, Burndene, Wheway, Watson, Hobson, Hughes Food, STC, Thurgar Bardex, Conroy, Derwent Valley, RHP, Benjamin Priest, Grand Metropolitan, New Court Natural Resources, C. H. Bailey, Audiotronic, Greenwich Resources, Centreviacial, Velex and Britoil. Puts were done in Blacks Leisure and Conroy, while a double option was transacted in STC.

FINANCIAL TIMES STOCK INDICES

	Nov. 14	Nov. 13	Nov. 12	Nov. 11	Nov. 10	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	81.38	81.04	81.70	82.15	82.58	83.02	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.54	88.46	88.85	88.93	89.04	88.59	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,293.2	1,295.7	1,305.1	1,311.7	1,313.3	1,086.1	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	325.1	328.5	316.6	309.1	304.2	283.0	357.8 (22/9)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.39	†4.39	4.37	4.35	4.35	4.43				
Earnings Yld.%(full)	10.19	†10.18	10.09	10.05	9.98	10.97				
P/E Ratio (net) (*)	12.00	†12.02	12.13	12.17	12.26	11.24				
SEAQ Bargains (5pm)	25,788	27,780	32,691	30,909	34,978	—				
Equity Turnover (£m)	—	1177.48	1184.32	900.78	1,034.96	695.62				
Equity Bargains	—	45,236	54,958	46,244	47,949	21,897				
Shares Traded (ml)	—	479.0	456.4	418.4	494.3	342.2				

S.E. ACTIVITY

Indices	Nov. 13	Nov. 12
Gilt Edged Bargains	161.7	182.3
Equity Bargains	293.1	356.1
Equity Value	2380.0	2393.8
5-Day average		
Gilt Edged Bargains	157.7	151.6
Equity Bargains	315.4	316.5
Equity Value	2175.1	2205.7

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1287.3	1291.9	1291.4	1292.1	1292.6	1292.9	1292.9	1290.5

Day's High 1293.7. Day's Low 1287.3.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.51. †Corrected.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

LONDON TRADED OPTIONS

Option		CALLS Jan.	Apr.	July	PUTS Jan.	Apr.	July
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

November 14. Total Contracts 27,283, Calls 20,340, Puts 6,943. FT-SE Index Calls 641, Puts 995. *Underlying security price.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 1.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ♦ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

London County 2½pc 1920 £200
Grtr London 6¾pc 1990-92 £80¼ 1¼ ½
Aberdeen 10.80pc 2011 £95
Barnet 12¼pc 1987 £100♦
Birmingham Cpn 3½pc 1946 £25¼ 6 (12/11)
Birmingham District 11½pc 2012 £102¼ (10/11)
Bristol 11½pc 2008 £100½ (11/11)
Leeds 13½pc 2006 £116½ (11/11)
Liverpool Cpn 3pc 1942 £23♦
Manchester 1891 3pc 1941 £24 (7/11)
Nottingham 3pc £22 (7/11)
Salford 5½pc 1986-88 £90 1
Southend-on-Sea 12pc 1987 £100¼ (10/11)
Southwark 12½pc 1987 £100½ (12/11)

UK PUBLIC BOARDS

FOREIGN STOCKS

STERLING ISSUES

OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

BOC Group 9pcDb 1990 £100¼ (10/11). 11½pcDb 1992 £98½ (10/11). 12¼ Ln 2012-17 £105½
BPB Industries 7¼pcDb 1986-91 £8[illegible] (7/11). 10¼pcDb 1997-2002 £84½. 10¼pcDb 1994-1999 £99¼ 100⅛
BSG Intanl 12½pcLn 1993-98 £9[illegible] (11/11)
Bailey (C. H.) 8 (10p) 185 (7/11)
Baker Harris Saunders New (10p) [illegible] 196
Baker Perkins 7pcPf (£1) 57½ (12/11)
Bardsey Wts to sub for Pfd Ord 8 (7/11)
Barham Group (2½p) 155 5 6 7
Barlow Rand Pfd (R0.10) 310 (12/11)
Barr and Wallace Arnold Tst 166
Barrow Hepburn Group 7.75pcPf (£1) [illegible] (11/11)
Batleys 10pcPf (£1) 112 (7/11)
Beazer (C. H.) (Hldgs) 8½pcLn 2[illegible] £149

L—M

N—O—P

Q—R—S

T—U—Y

W—Y—Z

C—D

E—F

G—H

I—J—K

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

OIL

PROPERTY

PLANTATIONS

RAILWAYS

SHIPPING

UTILITIES

WATERWORKS

UNLISTED SECURITIES MARKET

Heavitree Brewery 455. A 380 [illegible]
Interlink Express (5p) 208 9 10 1
Local London Grp (5p) 265 5 8 70 2 2
Miller and Santhouse (5p) 182 6
Newage Transmissions (5p) 70 1
Parkfield Grp 7pcPf (£1) 212♦ 5♦
Pavion Intnl 11pcLn 1994-2002 £84
Perkins (John) Meats (10p) 28 30 (11/11)
Quarto Grp New ($0.10) 130 2
Radamec Grp (5p) 94
Rotunda New (10p) 98 100 2
Ryman (5p) 109 9 10 10 5
Swindon Private Hospital (£1) 95 110 (7/11)
Whinney Mackay-Lewis New (10p) 163
Wooltons Betterware Grp New (10p) 83 (11/11)

SPECIAL LIST

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

AOG Minerals 21♦ 19 A$0.498 (11/11)
Acmex Hldgs 11 A$24.08 (12/11)
Acorn Secs 52 5
Adelaide Pet 10 (7/11)
Adelaide Steamship A$14.35 (10/11)
Aetna Life Casualty £39♦ $55⅛ (11/11)
Algoma Central Railway 800 (10/11)
Algoma Steel Corp 550 (7/11)
Allstate Explorations 37♦ (12/11)
American Can $88.23 88.25 (12/11)
American Home Prods $76⅞
American Stores £40.88♦ $58.31♦ 58⅞♦ (11/11)
Ametek £18 (10/11)
Amoco Corp $67 (11/11)
Ampol 123 A$2.751 (11/11)
Amsterdam-Rotterdam Bk Fl 97.3 97.5
Anglo-Alpha R13 (11/11)
Ashland Oil $57⅛ (12/11)
Ashton Mining 105

Source Perrier FFr795
Square Gold Minerals 19
Sterling Drug £33.9 34.1 (7/11)
Sun Hung Kai Co HK$1.504 (12/11)
Sun Hung Kai Props HK$20.225, 20.274
Swire Pacific B HK$2.686 (12/11)
Tandem Computers £25¼ (11/11)
Tandy Corp £23⅞ (11/11)
Target Petlm 20 A$0.933
Target Petlm ($$0.15) 8½♦ (12/11)
Terrex Rescs 8½ (10/11)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Explo (Ir25p) 11 2 (12/11)

(By permission of The Stock Exchange Council)

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Friday November 14 1986						Thur Nov 13	Wed Nov 12	Tues Nov 11	Year ago (approx.)	Highs and Lows Index							
		Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Index No.	Index No.	Index No.	Index No.	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (210)	681.81	+0.3	8.95	3.76	14.18	16.17	679.77	684.23	685.09	585.04	753.28	30/4	567.56	14/1	753.28	30/4/86	50.71	13/12/74
2	Building Materials (27)	834.19	+0.9	8.57	3.53	14.78	17.54	827.85	838.89	843.89	646.83	848.93	7/11	613.65	23/1	848.93	7/11/86	44.27	11/12/74
3	Contracting, Construction (29)	1168.13	-0.2	7.57	3.99	18.15	32.56	1168.00	1173.65	1165.42	953.60	1208.78	2/7	911.80	23/1	1208.78	2/7/86	71.48	2/12/74
4	Electricals (12)	1756.26	+0.1	8.37	4.77	15.46	53.27	1754.97	1771.60	1805.19	1582.38	2092.98	21/4	1530.81	2/1	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1496.64	+1.0	9.49	2.72	14.04	29.98	1482.42	1495.22	1490.40	1416.31	1794.13	30/4	1365.94	29/9	2089.85	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (60)	374.41	-0.4	10.47	4.44	12.18	10.42	375.94	381.27	379.88	334.65	422.95	18/4	316.63	23/1	422.95	18/4/86	45.43	5/1/75
8	Metals and Metal Forming (7)	341.72	+0.6	9.34	4.12	13.47	9.53	339.83	344.33	344.57	243.75	388.80	2/7	241.87	2/1	388.80	2/7/86	49.65	6/1/75
9	Motors (16)	259.30	+0.4	10.67	4.85	10.88	5.72	258.17	259.57	260.70	208.81	322.48	3/7	206.50	14/1	322.48	3/7/86	19.91	6/1/75
10	Other Industrial Materials (21)	1237.38	-0.3	7.23	4.36	16.40	30.19	1241.37	1224.09	1232.44	1059.62	1347.13	3/4	993.49	21/1	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (186)	938.16	-0.4	8.87	3.33	15.56	18.47	941.51	949.43	953.56	779.33	968.16	3/4	739.82	14/1	968.16	3/4/86	61.41	13/12/74
22	Brewers and Distillers (22)	970.51	—	9.04	3.31	13.59	14.91	970.00	970.82	966.70	816.29	989.31	30/6	764.25	14/1	989.31	30/6/86	69.47	13/12/74
25	Food Manufacturing (24)	719.72	-0.7	9.22	3.84	14.09	14.99	724.83	734.63	735.19	564.84	735.19	11/11	549.51	14/1	735.19	11/11/86	59.67	11/12/74
26	Food Retailing (16)	1865.71	-0.5	6.80	2.84	20.41	38.54	1874.19	1901.92	1913.74	1786.37	2015.98	9/9	1629.03	21/1	2015.98	9/9/86	54.25	11/12/74
27	Health and Household Products (10)	1503.02	-1.0	6.26	2.53	18.67	21.97	1517.72	1514.25	1532.83	1203.58	1651.15	17/4	1175.61	14/1	1651.15	17/4/86	175.38	28/5/80
29	Leisure (28)	961.68	-0.4	7.65	4.24	17.35	25.08	965.47	972.60	975.48	777.41	978.31	10/11	731.17	24/1	978.31	10/11/86	54.83	9/1/75
32	Publishing & Printing (15)	2601.80	-0.1	7.64	4.35	16.84	73.96	2605.46	2644.30	2627.51	1863.63	2674.52	11/9	1834.16	9/1	2674.52	11/9/86	55.08	6/1/75
33	Packaging and Paper (14)	477.55	+0.7	7.07	3.45	18.39	10.54	474.12	478.09	472.93	372.81	495.91	1/9	362.52	9/1	495.91	1/9/86	43.46	6/1/75
34	Stores (38)	859.58	-0.2	7.17	3.05	18.92	16.10	860.94	871.95	880.31	822.57	984.64	3/4	707.79	23/1	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	543.86	—	9.40	3.63	12.31	10.57	543.79	549.60	552.35	378.67	574.78	1/7	375.50	14/1	574.78	1/7/86	62.66	11/12/74
36	Tobaccos (2)	1293.04	-0.3	12.78	4.00	8.60	36.99	1297.08	1313.76	1319.46	884.83	1360.33	5/11	873.47	9/1	1360.33	5/11/86	94.34	13/6/62
41	OTHER GROUPS (87)	794.06	+0.1	8.48	4.04	15.22	17.50	793.51	799.24	799.13	742.53	859.53	4/4	696.16	21/1	859.53	4/4/86	58.63	6/1/75
42	Chemicals (20)	980.42	-0.5	8.94	4.41	13.60	29.15	985.58	987.05	982.18	747.98	1002.76	3/9	729.24	14/1	1002.76	3/9/86	71.20	1/12/74
44	Office Equipment (4)	238.30	+0.1	7.80	4.47	15.51	7.55	238.15	240.20	240.98	230.21	281.13	9/5	205.37	23/1	281.13	9/5/86	45.34	2/1/75
45	Shipping and Transport (12)	1574.13	—	7.63	4.30	16.71	44.57	1574.08	1585.29	1585.15	1349.27	1677.64	3/4	1316.35	14/1	1677.64	3/4/86	90.80	29/6/62
47	Telephone Networks (2)	785.65	+0.7	10.92	4.68	12.52	16.67	780.38	789.81	784.58	938.86	1050.03	4/4	712.14	3/10	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (49)	1125.66	-0.1	6.07	3.05	20.76	16.87	1126.53	1133.84	1144.39	917.43	1144.39	11/11	866.26	9/1	1144.39	11/11/86	60.39	6/1/75
49	INDUSTRIAL GROUP (483)	843.20	-0.1	8.39	3.60	15.11	17.91	843.98	850.45	852.59	726.70	889.80	3/4	691.89	14/1	889.80	3/4/86	59.01	13/12/74
51	Oil & Gas (17)	1442.35	+0.8	11.33	6.21	10.88	62.83	1430.93	1435.81	1432.79	1210.14	1445.19	5/11	1093.63	20/2	1445.19	5/11/86	87.23	29/5/62
59	500 SHARE INDEX (500)	893.50	—	8.74	3.92	14.43	21.45	893.37	899.76	901.52	767.84	917.63	3/4	727.53	14/1	917.63	3/4/86	63.49	13/12/74
61	FINANCIAL GROUP (118)	605.43	—	—	4.70	—	17.46	605.42	607.55	609.98	536.54	629.86	4/4	507.50	14/1	629.86	4/4/86	55.88	13/12/74
62	Banks (8)	657.98	+0.4	19.14	5.56	7.17	23.94	655.07	662.98	663.40	552.39	707.33	20/3	517.21	5/2	707.33	20/3/86	62.44	12/12/74
65	Insurance (Life) (9)	843.47	-0.3	—	4.62	—	27.29	846.27	853.37	854.68	824.23	913.47	7/7	765.18	23/1	913.47	7/7/86	44.88	2/1/75
66	Insurance (Composite) (7)	458.05	-0.1	—	4.74	—	13.49	458.59	452.96	463.43	415.16	525.13	14/4	403.56	2/1	525.13	14/4/86	43.96	13/12/74
67	Insurance (Brokers) (9)	1253.95	-1.1	7.63	4.13	17.08	35.33	1267.82	1273.91	1277.99	1204.04	1315.27	12/2	1139.48	13/6	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (12)	352.94	+0.5	—	4.06	—	6.37	351.24	348.85	345.35	286.51	390.22	1/7	277.36	24/1	390.22	1/7/86	31.21	7/1/75
69	Property (49)	794.15	-0.6	5.78	3.61	22.71	35.17	799.15	798.71	802.52	695.00	807.14	11/7	635.84	23/1	807.14	11/7/86	56.01	20/4/65
70	Other Financial (23)	355.98	+0.9	9.24	4.49	13.20	9.86	352.85	355.64	353.94	307.23	362.00	4/4	287.55	24/1	362.00	4/4/86	33.29	17/12/74
71	Investment Trusts (90)	835.15	+0.3	—	2.72	—	14.22	832.98	834.46	838.65	643.08	835.15	14/11	633.36	14/1	835.15	14/11/86	71.12	13/12/74
81	Mining Finance (2)	343.56	-0.4	9.14	4.67	12.86	11.30	344.93	344.81	348.25	265.04	348.25	11/11	240.83	2/1	348.25	11/11/86	66.31	30/9/74
91	Overseas Traders (13)	782.28	+0.9	10.26	5.63	11.75	29.17	775.27	772.21	768.04	594.81	782.28	14/11	597.55	2/1	782.28	14/11/86	97.37	6/1/75
99	ALL-SHARE INDEX (731)	816.06	—	—	4.02	—	20.12	815.85	820.86	822.52	699.64	832.39	3/4	664.42	14/1	832.39	3/4/86	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Nov 13	Nov 12	Nov 11	Nov 10	Nov 7	Year ago								
	FT-SE 100 SHARE INDEX ♦	1644.3	-0.3	1644.3	1637.6	1644.6	1654.5	1660.9	1656.2	1662.6	1451.0	1717.6	3/4	1370.1	14/1	1717.6	3/4/86	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Nov 14	Day's change %	Thur Nov 13	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	118.55	+0.28	118.21	—	10.31
2	5-15 years	128.12	+0.29	127.75	—	11.61
3	Over 15 years	138.32	+0.56	132.99	—	11.33
4	Irredeemables	144.14	+0.37	143.61	—	[illegible]
5	All stocks	126.85	+0.34	126.43	—	11.33
	Index-Linked					
6	5 years	114.24	+0.48	113.73	—	2.88
7	Over 5 years	110.58	+0.64	109.88	—	2.34
8	All stocks	110.63	+0.61	109.96	—	2.69
9	Debentures & Loans	113.13	+0.14	112.97	—	10.31
10	Preference	79.43	+0.34	79.16	—	6.07

AVERAGE GROSS REDEMPTION YIELDS

			Fri Nov 14	Thur Nov 13	Year ago (approx.)	1986 Highs		1986 Lows	
	British Government								
1	Low Coupons	5 years	9.95	9.92	9.93	10.26	20/1	7.37	18/4
2		15 years	10.63	10.67	[illegible]	[illegible]		[illegible]	
3		25 years	10.66	10.69	[illegible]	[illegible]		[illegible]	
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
5		15 years	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
6		25 years	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
8		15 years	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
9		25 years	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
10	Irredeemables		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
12	Inflat'n rate 5%	Over 5 yrs	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
13	Inflat'n rate 10%	5 yrs	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
14	Inflat'n rate 10%	Over 5 yrs	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
15	Debs & Loans	5 years	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
16		15 years	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
17		25 years	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
18	Preference		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	

♦ Opening index 1637.6; 10 am 1642.2; 11 am 1641.2; Noon 1642.7; 1 pm 1643.4; 2 pm 1643.4; 3 pm 1641.3; 3.30 pm 1641.0; 4 pm 1640.7.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	128.20	Debs & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

CONSTITUENT CHANGES: Yeoman Investment Trust (71), Monk (AJ) (3) and Hargreaves Group (45) have been deleted. Avis Europe (48) and Mecca Leisure (29) have been inserted.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
—	F.P.	—	39	27	Australia Inv. Wrts	39	+4	—	—	—	—
250	F.P.	5/12	242	226	Avis Europe	238½	+½	R7.6	2.4	4.5	13.3
§170	F.P.	28/11	207	186	Baker Harris Saund' s10p	196	......	R4.0	2.7	2.9	18.3
§38	F.P.	28/11	43	39	B.C.E. Hldgs 5p	42½	+1	Rd1.0	3.0	3.3	14.1
§115	F.P.	14/11	122	120	Berry, Birch 10p	121	......	R2.5	2.2	4.9	13.0
§130	F.P.	—	156	130	Bilston & Batt'sea 10p	148	......	R3.7	2.2	3.5	18.3
§95	F.P.	21/11	145	117	Blenheim Exhibits 5p	136	+8	u2.1	3.2	2.2	18.6
125	F.P.	—	153	148	Brake Bros. 10p	149	......	R2.2	4.2	2.1	16.0
§100	F.P.	21/11	109	95	Citygrove 10p	95	−1	R2.5	2.7	3.7	13.8
§105	F.P.	16/10	115	100	Eve Construction	113	−2	u4.5	3.2	5.6	7.9
§135	F.P.	24/10	166	145	Great Southern 10p	162	......	R5.2	2.2	4.5	13.9
185	F.P.	7/11	210	188	Interlink Express 5p	210	......	R3.5	3.2	2.3	19.0
§105	F.P.	—	137	123	Lloyds Chemists 5p	135	+8	a1.28	3.3	1.3	31.9
§135	F.P.	24/10	285	145	Local London Group 5p	285	+5	W5.0	1.8	2.5	32.1
—	—	—	115	110	Lon. & Gartmore Warr.	115	......	—	—	—	—
110	F.P.	5/11	141	119	Marlbor'gh Tech Man 5p	139	+7	R2.70	3.1	2.7	14.0
135	F.P.	20/11	154	143	Mecca Leisure 10p	149	......	R4.1	2.2	3.9	16.3
§105	F.P.	24/10	184	133	Miller & Santhouse 5p	184	......	u2.25	2.4	1.7	34.4
§175	F.P.	24/10	79	72	Newage Trans 5p	72	......	R3.5	2.5	6.9	8.2
—	F.P.	—	£15⅞	£15⅞	News Corp. A$0.50	£15⅞	......	Q5c	19.2	0.1	5.9
§115	F.P.	—	130	126	Quarto Gr. Comm. 5p	130	......	R3.195	2.8	3.5	14.6
§90	F.P.	24/10	94	88	Redamec Group 5p	98	+4	R1.28	5.7	1.8	13.5
§95	F.P.	21/11	103	89	Rotunda 10p	100	−3	R30.3	2.8	4.2	12.1
¶110	F.P.	24/10	115	101	Ryman 5p	113	−3	L1.5	3.2	1.9	18.9
100	50	14/11	102	78½	TSB	79	......	W4.26	3.1	4.7	9.9
—	F.P.	—	52	52	Trinova $5	52	......	1.5c	—	2.0	—
§160	F.P.	5/12	179	163	Whitney Mackay 10p	165	−1	R4.0	3.0	3.4	13.6
104	F.P.	5/12	89	80	Wooltons Bet'ware 10p	89	+5	dR3.7	1.5	5.9	16.2
**	F.P.	—	96	91	Yeoman Inv. Cap. 1p	91	......	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
‖	Nil	17/12	190pm	140pm	Bristol Oil & Min 3% Cnv 2nd Ult Deb 1989	177pm	+7
§100	£10	8/1	12½	10	East Worcs. Water 12½% Red Deb 94-96	11	......
§100	£10	29/1	11	8⅝	Essex Water 11¼% Red. Deb. 2002-04	9½	−½
¶101.41	£10	26/2	11¼	8	do 8⅝% Red. Pf 1993	10¾	+1¼
§100	F.P.	2/12	107½p	106p	Fed. Housing 9½% Cum. Red. Prf	107p	......
‖	Nil	16/12	9pm	½pm	Hartons 7% Cnv. Cum. Red. Prf	½pm	......
§100	£10	15/5	9½	2	Mid-Sussex Water 11% Red Deb 2012-16	4	......
—	F.P.	—	100¾	100	Nationwide 11¼% 26/10/87	100¼	......
¶101.87	£10	22/1	11⅛	9	Portsmouth Wtr. 8¾% Red. Pf 1996	10	......
¶102.25	£10	8/1	11⅛	9	Tendring Hundred Wtr 8¾% Rd. Pf 1996	10	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or −
70	Nil	19/12	8pm	1½pm	Brit. Benzol 10p	1½pm	−2½
32	Nil	19/12	14pm	11pm	Ekwick 5p	11pm	......
18	Nil	7/1	2pm	5pm	London & Assoc. 10p	5pm	......
40	Nil	12/1	16pm	5pm	Petrocon 12½p	5pm	−1
350	Nil	19/12	67pm	37pm	Redland	48pm	−4
720	360	9/1	376pm	360pm	Siebe	375pm	......

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures. † Indicated dividend; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." § Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖‖ Allotment price. ♦ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. 86 Vol.	Nov. 86 Last	Feb. 87 Vol.	Feb. 87 Last	May. 87 Vol.	May. 87 Last	Stock
GOLD C	$370	6	40A	—	—	—	—	$408.50
GOLD C	$380	11	29	6	39	—	—	"
GOLD C	$390	4	20A	—	—	—	—	"
GOLD C	$400	63	11	5	20.50	—	—	"
GOLD C	$420	24	1.80A	20	13.50	4	21	"
GOLD C	$440	—	—	75	8	—	—	"
GOLD C	$460	—	—	—	—	51	9.50	"
GOLD P	$390	—	—	—	—	20	10	"
GOLD P	$420	—	—	10	18.50	—	—	"
		Dec. 86		Mar. 87		June 87		
SILV C	$600	10	25	—	—	—	—	$581
£/FL C	FL325	—	—	200	5	—	—	Fl.324.78
£/FL C	FL330	—	—	12	3.60	—	—	"
£/FL C	FL335	—	—	1037	2.50	—	—	"
£/FL C	FL340	—	—	55	1	—	—	"
£/FL P	FL315	20	1.10	—	—	—	—	"
£/FL P	FL320	—	—	4	8.50	—	—	"
$/FL C	FL225	127	4.50	100	7.30	1	9	Fl.227.20
$/FL C	FL230	21	1.90A	199	4.90A	—	—	"
$/FL C	FL235	396	1.10	75	3.50	—	—	"
$/FL C	FL240	—	—	42	2.10	—	—	"
$/FL C	FL245	20	0.10	—	—	5	2.50	"
$/FL P	FL215	—	—	10	2	—	—	"
$/FL P	FL220	60	0.80	—	—	—	—	"
$/FL P	FL225	113	2	6	5.50	—	—	"
$/FL P	FL230	100	4.80	73	7.80	1	9.80	"
$/FL P	FL235	33	8.80	60	10.70	—	—	"
$/FL P	FL240	12	13.10	5	15	—	—	"
		Jan. 87		Apr. 87		July 87		
ABN C	FL560	114	15.90	8	29	—	—	FL551
ABN P	FL560	90	17.50	—	—	1	29	"
AEGON C	FL100	64	1.60B	12	3.30	—	—	FL93
AEGON P	FL90	139	3.10B	22	4.20	—	—	"
AHOLD C	FL115	32	3	1	4.70	—	—	FL105.50
AHOLD P	FL100	80	2.50	—	—	—	—	"
AKZO C	FL160	900	5	304	8.80	47	10.60B	FL155.50
AKZO P	FL160	457	7.50	457	9.30	10	13	"
AMEV C	FL70	46	6.30	—	—	—	—	FL74.30
AMEV P	FL75	13	3.10	—	—	—	—	"
AMRO C	FL95	165	4.90	—	—	—	—	FL95.60
AMRO P	FL100	55	5.60	1	8	—	—	"
ELS C	FL240	10	7	—	—	—	—	FL236.50
ELS P	FL220	5	3.40	—	—	—	—	"
GIST C	FL50	292	1.60	44	3.60	28	4.80	FL47.10
GIST P	FL50	134	4.20	—	—	2	6.50B	"
HEIN C	FL180	83	3.90A	5	7	—	—	FL170.80
HEIN P	FL160	3	2.50	14	3.50	—	—	"
HOOG C	FL50	662	4.10	15	6.30	14	8.30	FL49.80
HOOG P	FL60	841	10.10	374	10.90	7	11.50	"
KLM C	FL45	164	2.40	22	4.30	22	5.70	FL45.40
KLM P	FL50	172	5.40	—	—	1	5.90	"
NATN C	FL80	73	2.30	11	4.70	—	—	FL77.40
NATN P	FL80	21	3.50B	5	4.70	5	6.50	"
PHIL C	FL55	299	0.40	46	0.90	2	1.50B	FL43.40
PHIL P	FL40	345	1.10	205	2	161	2.80	"
RD C	FL220	445	1.50	107	5.20	23	6.50	FL207.30
RD P	FL210	224	6	667	9	60	14	"
ROBE C	FL95	4	1.40	3	2.60	—	—	FL92.10
UNIL C	FL520	315	9.90	39	22	—	—	FL498.50
UNIL P	FL460	115	3.20A	31	6.40	8	12.50	"

TOTAL VOLUME IN CONTRACTS: 29,835

A=Ask B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT	Wednesday November 12, 1986	Increase (+) or decrease (−) for week
	£	£
LIABILITIES		
Capital	14,553,000	—
Public Deposits	86,768,946	− 727,046
Bankers Deposits	902,912,046	− 8,108,458
Reserve and other Accounts	1,794,561,041	+ 67,691,269
	2,798,795,033	+ 58,855,765
ASSETS		
Government Securities	444,184,947	− 54,505,000
Advance and other Accounts	632,460,144	− 71,627,905
Premises Equipment & other Secs.	1,711,365,962	+ 180,352,328
Notes	10,528,357	+ 4,645,412
Coin	255,623	− 9,070
	2,798,795,033	+ 58,855,765

ISSUE DEPARTMENT	£	£
LIABILITIES		
Notes in Circulation	12,639,471,643	− 4,645,412
Notes in Banking Department	10,528,357	+ 4,645,412
	12,650,000,000	—
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	4,389,977,836	+ 361,230,922
Other Securities	8,249,007,064	− 361,230,922
	12,650,000,000	—

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION

	Bid Price	Offer Price	+ or −	Yield Gross
Abbey Unit Tst. Mngrs. (a)				
80 Holdenhurst Rd, Bournemouth			0345 717373	
High Income				
Gilts & Fixed Int.	106.0	112.1	+0.5	10.70
High Inc Equity	95.0	101.0	+0.2	5.15
Worldwide Bond	195.9	209.7	−0.7	4.43
Capital Growth				
American Growth	156.6	166.8	−2.4	0.85
Asian Pacific	57.2	61.1	−0.7	1.85
Assets & Erngs. Tst.	114.2	107.4	+0.5	2.50
Capital Reserve	65.0	65.4	+0.1	1.54
Commodity & Engy	94.0	99.9	−0.1	1.14
European Capital	100.4	106.8	−0.1	1.19
General	135.8	144.4	+0.3	2.94
Japan	75.6	80.8	−0.4	0.0
Mastertrust	66.8	71.0	−0.3	2.31
UK Growth Acc Units	149.4	158.9	+1.0	0.99
UK Growth Dist	103.4	109.9	+0.7	1.43
U.S. Emerging Co's	56.8	60.0	−0.8	0.00
Equitas Prog.	202.7	215.6	+0.9	3.34
Allied Dunbar Unit Trusts PLC (a)(g)				
Allied Dunbar Centre, Swindon, SN1 1EL				
(0793) 28291. Dealing (0793) 610366				
Balanced Trusts				
Growth & Inc Trust	132.9	140.9	+0.6	3.22
Capital Trust	225.1	238.6	+1.2	2.90
Balanced Trust	357.7	379.2	+1.1	3.40
Accum Trust	543.3	575.9	+1.4	3.07
Income Trusts				
American Income Tst.	33.4	35.4	−0.5	4.13
High Income Trust	250.7	265.7	+0.3	4.89
Equity Income Trust	142.2	150.7	+0.4	5.02
High Yield Trust	144.6	153.5	+0.5	5.34
Gilt Secs Trust	26.8	27.8	......	10.36
International Trusts				
Amer Spec Sts Tst	68.6	73.1	−1.5	1.34
European Growth Tst	23.9	25.5	+0.5	0.80
International Tst	90.2	96.1	−1.1	0.84
Japan Tst	117.1	124.7	−1.5	0.01
Pacific Tst	191.6	204.0	−2.4	0.88
Secs of Amer Tst	207.6	221.1	−6.9	0.95

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Consol & Equity Tst	49.2	52.4	-0.2	7.51
Growth Trust	53.6	57.1	-0.3	2.16
Income Trust	56.2	59.8	-0.2	4.92

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	73.0	76.0	...	2.80

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G.T.	132.7	141.2	-0.1	3.04

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93 Cardiff CF1 4NW 0222 35542

AA Friendly Sy Nov 14	—	104.0	+1.2	—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	200.1	210.7	...	—
Equity Ser. 1	103.5	109.0	-0.2	—
Prop. Acc. Ser 2	279.4	294.2	...	—
Equity Ser 2	112.5	118.5	-0.2	—
Selective Acc.	237.1	249.6	-0.1	—
Prop. Ser. 4	221.2	232.9	...	—
Equity Ser. 4	114.9	121.0	-0.2	—
Fixed Int. Ser. 4	172.7	181.8	+0.2	—
Indexed Inv. Ser. 4	107.0	112.7	+0.1	—
American Ser. 4	259.3	273.0	-4.4	—
High Inc. Ser. 4	289.3	304.6	-0.6	—
Japan Ser 4	231.5	243.7	-4.3	—
Man. Ser. 4	348.4	366.8	-1.7	—
Money Ser. 4	197.6	208.0	...	—
European Ser 4	123.2	129.7	-0.4	—
Pension Funds				
Property	359.1	378.0	...	—
Equity	768.8	809.3	+0.8	—
Selective	250.9	264.2	-0.2	—
Managed	615.5	647.9	-3.5	—
Security	343.9	361.9	...	—
Fixed Int.	187.4	197.3	+0.2	—
European	198.3	208.8	-1.0	—
American	216.9	228.4	-4.8	—
Japan	239.2	251.8	-5.3	—

Aetna Life Insurance Co Ltd
401 St John St, London EC1V 4QE 01-833 2303

City of Westminster Assur.—Contd.

Fixed Interest Fund	139.6	147.0	-0.6	—
Far East Fund	204.9	215.7	-0.7	—
North American Fund	175.5	184.8	-0.7	—
Natural Resources Fund	148.3	156.22	+0.8	—
Pension Managed Fund	385.3	405.6	+2.2	—
Pension Equity Fund	255.1	268.4	-0.3	—
Adventurous Mngd Fd	126.8	133.5	+1.1	—
Balanced Mngd Fd	124.1	130.7	+0.3	—
Conservative Mngd Fd	117.9	124.2	+0.2	—
European Fund	108.3	114.0	+0.4	—
International Fund	119.1	125.4	+0.5	—
S.U.N. Flexible Fd	128.1	134.9	+0.2	—

For other prices please telephone 0908 606101/660000

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds				
Mixed	134.1	141.2	-0.3	—
Equity	152.4	160.5	-0.2	—
Property	110.6	116.5	...	—
Gilt & Fixed Interest	105.9	111.5	+0.5	—
Indexed Securities	96.4	101.5	+0.4	—
Cash	108.4	114.2	...	—
North American	112.9	118.9	-0.8	—
Far East	126.6	133.3	-1.5	—
International	127.7	134.5	-0.6	—
Special Situations	147.3	155.1	-0.9	—
International Income	144.2	151.8	-0.5	—
American Income	122.9	129.4	-0.8	—
European	149.6	157.5	...	—
Flexible Retirement Plan				
Mixed	137.1	144.4	-0.4	—
Equity	145.2	152.9	...	—
Property	115.9	122.0	...	—
Gilt & Fixed Interest	111.1	117.0	+0.8	—
Indexed Linked	97.6	102.8	+0.6	—
Cash	116.8	123.0	...	—
North American	119.6	125.9	-1.22	—
Far East	141.3	148.8	-2.3	—
International	135.3	142.5	-0.8	—
Special Situations	166.7	175.5	-0.7	—
European	173.5	181.6	...	—

Executive Investment Pension Plan
Prices on November 12. Unit dealings on Wednesday.

Cash Fd.	141.1	148.6	+0.3	—
Mixed Fd.	192.2	202.4	+0.7	—
Fixed Int. Fd.	140.1	147.5	-1.0	—
UK Equity Fd.	226.3	238.3	+3.4	—
Property Fd.	134.8	141.9	+0.1	—
Overseas Fd.	295.1	305.4	-1.0	—
Index Linked Fd.	104.9	110.5	-0.7	—
Stock Ex. Fd.	155.6	153.8	+0.7	—
North Am Fd.	124.2	130.8	-0.5	—

AUTHORISED UNIT TRUST & INSURANCES

Equity & Law—Contd.

Ind. Pen. Overseas (z)	519.7	547.0	+2.5	—
Ind. Pen. Balanced (z)	362.3	381.3	-1.4	—
Ind. Pen. Cash (z)	209.9	220.9	...	—
Ind Pen DAF Ser 2(z)	117.0	123.1	...	—
Ind Pen DAF Ser 1(z)	223.9	235.6	...	—

FS Assurance Limited
190 West George St, Glasgow G2 2PA. 041-332 6462

Pens Balncd Gth Fd Cp	—	—	...	—
Pens Balncd Gth Fd Ac	—	—	...	—
Cash Deposit Cap	—	—	...	—
Cash Deposit Accum	—	—	...	—

Prices are Series 2; Series 1 available on request
Group Pension Funds—Prices available on request

Family Assurance Society
19 New Rd, Brighton BN1 1WS 0273 724570

Family A. Managed	372.3	379.9	...	2.00
Family B. Managed	222.6	227.1	...	2.00
Family C. Bnt.	201.6	205.7	...	2.00
Family D. Fixed Int.	186.5	190.3	...	2.00
Family Capital Mngd.	208.8	213.0	...	2.00
Family Srd. II	125.7	128.3	...	2.00
Family Growth Series 1	110.7	113.0	...	2.00
Family Growth Series 2	58.9	62.0	...	2.00
Fmly Concentrated Gth	51.7	54.5	...	2.00

Federation Mutual Insurance Ltd
29 Linkfield Lane, Redhill, Surrey 67333

Inv. Tst. Fd. Initial	1.072	1.128	...	—
Inv. Tst. Fd. Accum.	1.146	1.204	...	—

Framlington Life Insurance Ltd
3 London Wall Buildings, EC2M 5NQ 01-628 5181

Pension Managed Fund	66.2	70.4	...	—
Pension Cash Fund	60.1	63.2	...	—

Friends' Provident Life Office
Pixham End, Dorking (0306) 885055

Life Funds				
Cash Accum	118.5	124.8	...	—
UK Eq Acc.	175.7	185.0	+0.5	—
Stewardship Acc	163.0	171.6	+0.4	—
Fixed Int Acc.	119.5	125.8	...	—
Index Linked Acc	98.4	103.6	-0.4	—
Mixed Acc.	152.3	160.4	...	—
Overseas Eq. Fund	165.8	174.6	-1.0	—
Property Acc.	136.4	143.6	...	—
Individual Pension Funds				
Cash Cap	118.8	125.1	+0.1	—
Cash Acc	134.6	141.7	+0.1	—
UK Eq Cap.	166.2	175.0	-0.4	—
UK Eq Acc.	187.9	197.8	-0.4	—
Stewardship Cap	171.5	180.6	...	—
Stewardship Acc	186.4	196.3	...	—
Fixed Int. Cap	117.1	123.3	...	—
Fixed Int. Acc.	132.4	139.4	...	—

Hill Samuel Life Assur.—Contd.

Pension Fund Prices				
Property Acc.	269.1	283.3	...	—
Property Cap	199.5	210.0	...	—
Property Ser Acc	127.1	133.8	...	—
Property Ser Cap	115.7	121.8	...	—
Managed Acc.	599.3	630.9	...	—
Managed Cap.	423.4	445.7	...	—
Managed Ser Acc.	150.5	158.5	...	—
Managed Ser Cap	139.1	146.5	...	—
Guaranteed Acc	275.7	290.3	...	—
Guaranteed Cap.	194.7	205.0	...	—
Guaranteed Ser Acc.	120.1	126.5	...	—
Guaranteed Ser Cap	110.6	116.5	...	—
Equity Acc.	520.4	547.8	...	—
Equity Cap.	385.8	406.2	...	—
Equity Ser Acc.	171.1	180.2	...	—
Equity Ser Cap.	156.3	164.6	...	—
Fixed Int Acc.	271.2	285.5	...	—
Fixed Int Cap.	202.3	213.0	...	—
Fixed Int Ser Acc.	121.9	128.4	...	—
Fixed Int Ser Cap.	112.2	118.2	...	—
Indexed Secs. Acc.	115.2	121.3	...	—
Indexed Secs. Cap.	95.6	100.7	...	—
Indexed Secs. Ser Acc.	108.3	114.0	...	—
Indexed Secs. Ser Cap.	99.7	105.0	...	—
Intl. Ser Acc.	170.6	179.6	...	—
Intl. Ser Cap.	156.3	164.6	...	—
Dollar Ser Acc.	131.2	138.2	...	—
Dollar Ser Cap.	121.1	127.5	...	—
European Ser Acc.	263.8	277.7	...	—
European Ser Cap.	243.4	256.3	...	—
Far East Ser Acc.	186.6	196.5	...	—
Far East Ser Cap.	168.7	177.6	...	—
Man Curr Ser Acc.	137.3	144.6	...	—
Man Curr Ser Cap.	126.7	133.4	...	—
Bldg. Soc Ser Acc.	125.3	131.9	...	—
Bldg. Soc Ser Cap.	115.4	121.5	...	—

Imperial Life Ass. Co of Canada
London Road, Gloucester, GL1 3LE. 0452 500500

Growth Fund	258.9	281.4	-0.2	—
Unit-Linked Portfolio				
Managed Fd.	244.3	257.2	+0.9	—
Fixed Int. Fd.	200.5	211.1	-0.9	—
Secure Cap Fd.	168.6	177.4	+0.1	—
Equity Fd.	561.4	591.0	-4.2	—
Property Fd.	177.4	186.7	...	—
Pension Fund Portfolio				
Pens Mir Fd Series 1	250.0	272.8	+5.3	—
Pens Mn Fd Series 2	250.0	263.2	+5.1	—
Pens Property Fd.	116.8	123.0	+0.2	—
Pens Gilt-Edged Fd	109.4	115.2	-2.0	—
Pens Ind-Link Fd	102.0	107.3	-1.7	—
Pens Money Mkt Fd	115.3	121.4	+0.1	—
Pens UK Equity Fd.	193.2	203.4	-2.0	—

[illegible]

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$18.40		-0.05	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$16.73		-0.09	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$17.02		-0.06	—
Dynamic Gwth Fd	$18.73		-0.15	—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$12.07	12.78	—	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd — Staple Hall, Stone Ct, Houndsditch, EC3 01-283 6461				
CAFCASH Call Fund	9.88	7.38	10.81	3-mth
CAFCASH 7-day Fund	10.47	7.82	11.49	3-mth
The Charities Deposit Fund — 2 Fore Street, London EC2Y 5AQ 01-588 1815				
Deposit	10.40	(10.81Car)	—	3-Mth
The Money Market Trust — 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fund	9.99	7.47	10.91	6mth
7-day Fnd	10.15	7.59	11.09	6mth
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	9.89	7.39	10.61	6-Mth
7-day Fund	10.05	7.51	10.77	6-Mth
Dollar	4.82	3.59	5.13	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc — 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Chq Acc	10.25	7.50	10.84	Qtr
Aitken Hume — 30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	10.25	7.66	11.10	Qtr
Moneymarket £2000-£5000	10.00	7.48	10.90	Mth
Mkt. Int. Chq. £5,000+	10.25	7.66	11.18	Mth

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Secs	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	Brist. Oil & Min	$3\frac{1}{2}$
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	$3\frac{1}{2}$
Ladbroke	32	Shell	65
Legal & Gen	28	Tricentrol	8
Lex Service	32	Ultramar	27
Lloyds Bank	38	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON SHARE SERVICE

"Shorts" (Lives up to Five Years)

High	Low	Stock	£	+ or –	Int.	Red.
•102	100	Exch. 13¼pc 1987	100	–⅛	13.21	11.23
100⅝	97	Treas 10¼pcCv '87	99	+	10.28	11.00
98	92	Exch 2½pc 1987	98	.....	2.54	8.78
101½	97½	Exch. 10½pc 1987	99	+	10.53	11.17
98	93	Funding 6½pc 85-87	98	.....	6.60	10.15
101	96	Treas. 10pc 1987	99 xd	+	10.06	11.16
97	90	Treas 3pc 1987	96	.....	3.11	8.67
104½	99	Treas. 12pc 1987	100	+	11.90	11.03
99	92	Treas 7¾pc 1985-88‡‡	96¾	+	8.01	10.65
104	96	Exch 10½pc '88	99	+¼	10.59	11.13
102	95	Treas 9½pc Cv '88	97 xd	+	9.96	11.26
94	86	Transport 3pc '78-88	91	.....	3.28	8.82
102	93	Treas. 9½pc '88	96	+⅛	9.80	11.29
107	98	Treas 11½pc 1989	100	–⅛	11.47	11.29
103	93	Treas 9½pc Cnv 1989	96	+	9.86	11.26
92	82	Treas 3pc 1989	87	–	3.42	8.60
105	95	Treas 10½pc 1989	98 xd	+	10.68	11.30
104	94	Exch. 10pc 1989	96	+⅛	10.32	11.31
107	97	Exch 11pc 1989	99¼	+	11.08	11.29
93	84½	Treas 5pc 1986-89	88	.....	5.67	9.59
110	96	Exch 10¼pcCv '89	99¾	+⅛	10.28	10.35
114	103	Treas 13pc 1990‡‡	104	+	12.46	11.29
108	97	Exch 11pc 1990‡‡	99	+	11.09	11.25
113	101	Exch. 12½pc 1990	103¼	+	12.11	11.30
89	79	Treas. 3pc 1990	83	–	3.61	8.72
100	89	Treas 8¼pc 1987-90‡‡	93 xd	–⅛	8.86	10.63
106	93	Treas. 10pcCv 1990	95¾	+	10.43	11.32
85	76½	Exch 2½pc 1990	80 xd	+	3.12	8.45
112	99	Treas 11¾pc 1991	101¼	+	11.60	11.39
94	83	Funding 5¾pc '87-91‡‡	86	–	6.62	9.48
86	79	Treas. 3pc 1991●	79	–	3.77	8.57
41	39	Treas 10pcCv'91(£40pd)	40	+	10.36	10.97
110	96	Exch. 11pc 1991	99	+	11.10	11.23

Five to Fifteen Years

High	Low	Stock	£	+ or –	Int.	Red.
118	105	Treas 12¾pc 1992‡‡	105	–⅛	12.13	11.38
107	92	Treas 10pc 1992	94	–	10.57	11.36
109	94	Treas 10½pc Cv 1992‡‡	96	+	10.86	11.34
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

High	Low	Stock
37	28	Chemical New York
35	26	Chesebrough-Pond's
31	19	Chrysler $6¼
42	33	Citicorp $4
12	774p	CityFed Fin. Corp
28	21	Colgate-Palmolive
850p	61	Colt Inds. $1
25	16	Cons Freightways $
819p	399p	Contl Illinois Corp
89	11	Cont Illinois Hldg
112	39p	Corporate Data S
13	435p	Cullinet Sftwr $0
287p	34p	Damson Oil 40c
24	17	Dana Corp. $1
33	18	Data General
24	8	Derma-Lock M
79	55	Dun & Bradstree
54	42	Eaton Corpn. 50
25	18	FPL Group $0.0
13	625p	Fairmont Financ
24	16	First Chicago $5
42	25	Ford Motor $2
28	20	GATX 62½c
55	47	Gen. Elect. $1¼
16	612p	General Host Co
41	24	Gillette $1
15	10	Gt Am First Svgs
31	23	Gt. Western Fin
25	18	Greyhound $1.5
20	11	Hasbro Inc $0.5
57	42	Honeywell $1.5
28	22	Hospital Corp A
24	19	Houston Inds In
112	83	IBM Corpn $1.
19	12	IC Industries
38	25	ITT Corpn. $1
314p	141p	Inmatron Inc
46	34	Ingersoll-Rand
16	12	Insilco $1
12	806p	IU Intnl. $1.15

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

[redacted]

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]								
80	27	♦Colby Res Corp.	28	-½	—	—	—	
300	115	Cons. Murch. 10c	£1⅞	......	Q60c	4.4	9.9	
38	24	♦Essex Inl. Ir10p	38	+2	—	—	—	
159	70	Greenwich Res	158	+14	—	—	—	
157	93	Hampton Areas 10p	146	-2	♦1.0	—	1.0	
327	165	♦Highwood Res.	248	-4	—	—	—	
£20¾	£13⅝	Homestake Mining $1	£18⅝	......	Q20c	—	0.7	
310	156	♦McFinley Red Lake	218	+6	—	—	—	
285	144	♦Musto Explorations	289	-2	—	—	—	
51	28	♦New Sabina Res C$1	48½	-½	—	—	—	
353	200	Northgate C$1	341	+23	—	—	—	
790	513	RTZ	692	-2	22.0	2.4	4.5	
£164	£115	Do. 9½pcLn '95-2000	£143¾	+½	Q9½%	15.5		

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♠ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ∎ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	60	......	Fin. 13% 97/02	£96¾	......
Craig & Rose £1	£15	......	Arnotts	265	......
Finlay Pkg. 5p	47	......	CPI Hldgs	99	......
Holt (Jos) 25p	310	-5	Carroll Inds.	140	+2
Jold Stm. £1	75	......	Dublin Gas	12	......
			Hall (R. & H.)	85	+5
IRISH			Heiton Hldgs.	27½	......
Fund 11¼% 1998	£95¾	......	Irish Ropes	123	+3
Nat. 9¾% 84/89	£91½	......	Unidare	255	-5

"Recent Issues" and "Rights" Page 15

FINANCIAL TIMES

Saturday November 15 1986

Electronic banking review set up

BY HUGO DIXON

THE GOVERNMENT has decided to set up an independent review to examine the legal implications of electronic technology for banking payments systems. The group, the members of which have not yet been chosen, is expected to start its work early next year and, if necessary, recommend new legislation.

The decision is in part a response to a Government-sponsored report by the National Consumer Council in 1983 which concluded that many users of plastic cards were insufficiently protected under existing law.

The Government also took two steps to overhaul the banking system yesterday. It published its new Banking Bill, which seeks to improve on the 1979 Banking Act in the light of recent experience, in particular the collapse of Johnson Matthey Bankers. If enacted, it would give the Bank of England wider information-gathering powers and create a new board to advise the Bank on its supervisory duties.

Separately the Bank yesterday announced an internal reorganisation. It said this was necessary to enable it to supervise the bullion, foreign exchange and money markets more effectively.

Mr Ian Stewart, the Treasury's economic secretary, said in an answer to a written parliamentary question that the objectives of the review group, which is expected to take more than a year to complete its task, were to look at "the availability, reliability, security and efficient and effective operation of payment, remittance and other banking services."

This was necessary, the Treasury said, because existing law on the subject, the Bankers' Books Evidence Act 1879, the Bills of Exchange Act 1882 and the Cheques Act 1957, were enacted before electronic payments systems were invented.

The timing of the review was also influenced by the European Commission looking into such areas.

"The Government's announcement is a most interesting development and the banks stand ready to take part in discussion," the Banking Information Service, the clearing banks' publicity unit, said.

Mr Martin Smith, political officer of the NCC, listed a number of questions the review should address. They included: what was the liability of a cardholder if his card was lost; what was the legal status of a debit card; were there sufficient safeguards against unsolicited credit cards; should there be documentary evidence of electronic transactions; who has responsibility for resolving errors in electronic payments systems; should card issuers be responsible if the suppliers of goods and services do not provide them; and how should customers privacy be preserved.

Another area the group is expected to look at is compatability between electronic payments systems. A particular concern is that payments systems should not reduce competition.

The banks may also want the review to include the cheque clearing system. Some banks have argued against the present system in which cheques have to be physically transported to the branch of the person who wrote the cheque. They have said the cheques should remain at the branch in which they are paid in.

Banking bill measures, Page 4

MAI moves to dominate market for outdoor posters

By Clay Harris

MAI, the financial services and media group, moved yesterday to establish a pre-eminent force in the British outdoor poster market with a cash takeover offer which values London & Continental Advertising Holdings at £26.2m.

The bidder, which operates in the poster market as Mills & Allen, already owns 22.3 per cent of its financially troubled rival.

The combined group would command 44 per cent of the roadside poster market, which is worth £115m annually, although MAI said it planned to sell part of the LCAH holdings in an effort to avoid a reference of the bid to the Monopolies and Mergers Commission. Talks with prospective buyers were at an advanced stage.

Until 1982, 10 poster companies accounted for 80 per cent of the UK market through British Posters, a joint selling body, and their individual operations. British Posters was disbanded after the Monopolies and Mergers Commission found that it worked against the public interest.

"We don't think we have a chance (of being allowed) to have 40 per cent of the market, but we think there's a middle ground which would be acceptable." Mr Clive Hollick, MAI managing director, said.

The next largest company would be More O'Ferrall Adshel, which accounts at present for 23 per cent of panels and 18 to 20 per cent of turnover.

LCAH was studying the MAI offer last night. It is conditional on LCAH shareholders rejecting a previously proposed rights issue which would give a 29.9 per cent stake and management control to Piccadilly Holdings, an investment group associated with W. R. Carpenter, the Australian advertising company.

Mr Hollick, described the Piccadilly proposals as a "back-door takeover." MAI is proposing, as an interim measure, to underwrite without expenses a similar rights issue which would raise about £8.1m, about 10 per cent more than the Piccadilly plan which will be put to a shareholder vote next Friday.

LCAH, which bought London & Provincial Posters from Reed International two years ago, lost £1.36m before tax in the first half of this year.

Piccadilly's financial adviser, Barclays de Zoete Wedd, said of the MAI offer last night: "We don't think it's all that impressive, given those conditions."

In addition to its 120p cash offer, MAI is putting forward an alternative of 27 of its shares for every 100 LCAH shares. The paper alternative, unusually, is worth less than the cash offer—112.7p at last night's close for MAI shares on the stock market of 417½p, a 2½p decline. Mr Hollick said this reflected MAI's view that its shares were undervalued.

LCAH shares added 4p to 127p. It is advised by Kleinwort Benson and MAI by Hambros.

Stothert & Pitt chief sacked

By David Goodhart

STOTHERT & PITT, the loss-making Bath-based crane maker taken over last month by Mr Robert Maxwell, yesterday sacked Mr George King, its chief executive. Mr King said that no reason for his dismissal had been given.

The Hollis Group, controlled by Mr Maxwell, last month agreed to inject £4m into Stothert in exchange for 77 per cent of the enlarged equity. It was Mr Maxwell's first move into engineering and was followed by an agreed bid for the Grosvenor Group and the £264m agreed bid for AE, now challenged by Turner & Newall.

Mr King, who joined Stothert in August 1985, said that until shareholders voted on the deal with Mr Maxwell on December 12 there ought to have been no changes to the board.

"The irony is that it was me that called in the Hollis Group," he said. A few days after the offer had been made, he said, he was stripped of all executive powers, despite previous assurances that he could stay.

"I'm not at all happy about the way this has been handled." He claimed that he had been told no more money would be put into the company unless he left.

A spokesman for Mr Maxwell said that Hollis had only one representative on the Stothert board and that the decision had been taken with full agreement of the board.

Hill Samuel, financial advisers to Hollis, indicated that the offer document—due out next week—would shed light on the background to Mr King's departure.

Howe says UK will not do deals with terrorists over hostages

BY PETER RIDDELL, POLITICAL EDITOR

THE BRITISH Government will not do deals with terrorists for the release of hostages, Sir Geoffrey Howe, Foreign Secretary, said yesterday. He was speaking in the Commons on the eve of Mrs Margaret Thatcher's meeting at Camp David this morning with President Ronald Reagan who faces growing controversy over his admission that the US supplied arms to Iran.

Britain's reservations over the US action emerged yesterday. The Foreign Office said Britain, which was in regular contact with the US on many issues, had not been informed that this was the policy the US had been pursuing.

Sir Geoffrey made no direct mention of the US decision but emphasised Britain's tough line in not making concessions to terrorists. He stressed the Government's determination to "deal decisively with states that sponsor terrorism."

He said this did not preclude contacts with those who might be able to help secure the release of hostages but emphasised the principle of making "no substantive concessions." He said Britain believed concessions led to more, not less, hostage-taking.

Mr Tim Renton, Foreign Office Minister of State, said the Government continued to bar sales of defence equipment to either Iran or Iraq which would enhance their capability to prolong or exacerbate their conflict.

Mr Denis Healey, shadow Foreign Secretary, accused President Reagan of having broken ranks with the West by supplying arms to Iran and of offering a stupefyingly incredible explanation of US behaviour.

The main purpose of Mrs Thatcher's visit to the US, which ends this evening, is to clarify proposals made at last month's US-Soviet summit at Reykjavik about cuts in strategic missiles.

Over the past fortnight Mrs Thatcher and ministers have made clear their opposition to any deal beyond a 50 per cent cut in strategic nuclear weapons by both sides. This opposition is because of the imbalance in chemical weapons and conventional forces in Europe which would leave Britain and other European countries vulnerable.

Mr Healey and Dr David Owen, the Social Democratic Party leader, suspect Mrs Thatcher will seek reassurance about the future of the Trident programme. This is so because the missiles will come into operation in the early-1990s, coincident with the first phase of the suggested cut in US and Soviet strategic missiles.

Mr Healey said there was a danger the Prime Minister would try to sabotage any agreement between the US and the Soviet Union because it would threaten her "major electoral weapon."

The real question was whether Mrs Thatcher was going to make Trident an obstacle to an arms agreement already outlined between the US and the Soviet Union.

Healey attacks US, Page 6

Inflation rate holds steady at 3%

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

BRITAIN'S inflation rate held steady at 3 per cent in October, but the Government is expecting a slight acceleration over the next two months.

The Employment Department said yesterday that the index of retail prices rose by 0.2 per cent last month, the same increases as a year earlier. The latest rise was largely attributable to modest price rises for such items as beer and clothing, partly offset by lower electricity costs.

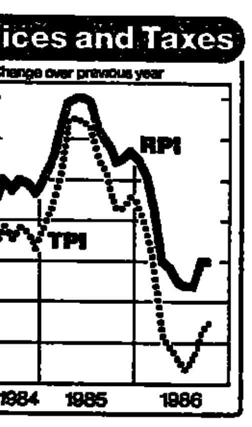
The recent 1½ percentage point rise in mortgage interest rates has not yet fed through to the inflation rate, but is expected to add 0.6 per cent to the index over this month and next.

That, together with higher postal and telephone charges and increases in the prices of non-seasonal foods, is expected to push up the annual inflation rate to perhaps 3.5 per cent by the end of the year.

In his Autumn Statement last week, Mr Nigel Lawson, Chancellor of the Exchequer, predicted an inflation rate averaging 3½ per cent in the last three months of this year.

He expects a further acceleration in the middle of the year followed by a downturn to 3¼ per cent in the fourth quarter of 1987. Mr Lawson said that the quickening would largely reflect the timing of changes in mortgage interest rates.

Outside forecasters are more pessimistic, largely because many expect a further depreciation in sterling's value and do not share the Treasury's confidence in a sharp downturn in unit costs. The consensus among City economists, for example, is that the inflation rate will rise closer to 5 per cent.



Securities house Greenwell Montagu yesterday forecast a rate of about 4.75 per cent in mid-1987, dropping back to 4.25 per cent in the second half of the year. Warburg Securities said that the pace of price rises was likely to reach 5.8 per cent in the summer of next year before decelerating slightly to 5.5 per cent.

The Employment Department said that the RPI stood at 388.4 in October (Jan. 1974=100) compared with 387.8 a month earlier. The Tax and Price index, which measures the impact of tax as well as price changes on incomes, stood at 194.3 (Jan. 1978=100), 3 per cent above a year earlier and compared with 194.0 in September.

Continued from Page 1

Channon

willing to allow the provisions in the bill to be tightened at the Commons committee stage to bring them more into line with those in the Drug Trafficking Act.

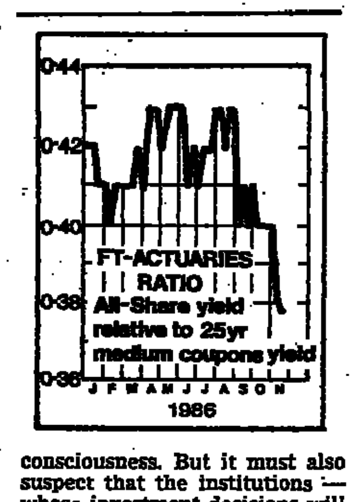
The bill also proposes raising the age limit of jurors from 65 to 70; easier Court of Appeal review of sentences and giving extra powers to courts to make compensation orders for crime victims.

THE LEX COLUMN

Gas turns up the heat

Volumes moderate, prices gently sliding. All rather dull really? Not on your life. The market may have entirely forgotten its proper function of chasing the next takeover target—those mingled scandals of cocaine laundering and insider trading are much more interesting subjects for speculation, if rather less profitable. In a week when renewed sterling weakness and disenchantment with the Autumn Statement pulled gilt-edged down to the lowest level of the year, it was probably not bad going for the equity market to lose only 1 per cent of its value. But equity and bond yields are about as far apart as they have been any time in the past five years.

Index fell 2.5 to 1293.2



British Gas

NM Rothschild's dedication to the cause of creating a scarcity—or rather the appearance of it—in British Gas stock is most impressive. In the manner made famous by advertisers of catfood the Government's financial advisers tell us that "research shows over 5m people" (13 per cent of the adult population) are currently certain to buy British Gas shares. In fact 12.8 per cent of a sample of 2,156 adults said they were certain to buy. Cookability, that's the beauty of stats.

It may appear slightly odd that 276—sorry, 5.25m—people are certain to buy something before they know exactly what the price is, or indeed what market conditions will be at the time of the float. But the 276 have good reason for their certainty, which has nothing to do with the varieties of gargantuan short term yield trailed by Rothschild a fortnight ago. They remember that this vendor — HMG — gave them a first day capital gain of 100 per cent on British Telecom and TSB, and they like the style, which is taking out the risk and leaving in the reward of equity investment. Perhaps the more sophisticated of the extrapolated 276 adults simply judge that the Government cannot afford to let the British Gas shares slip to a discount any time between the first day of dealings and the closing of the polls in the next general election.

It was a brilliant wheeze of Rothschild to name the maximum price at which it would offer the shares. The bank must have known that the maximum price of 150p would then become ingrained in the public consciousness. But it must also suspect that the institutions — whose investment decisions will not be swayed by a £10 gas bill discount — will not bite at much more than 130p and a 7 per cent yield. Then the Rothschild marketing traps snaps shut." We are not saying 150p. We are not even saying 140p. We are saying 130p. You lucky people."

Japanese brokers

Stockbroking must be one of the lowest quality businesses around—in terms of certainty of earnings at least—but it has always been a sure-fire winner in a bull market. The results from the big four Japanese securities houses (Nomura, Daiwa, Nikko, Yamaichi) showing net profit gains between 73 and 89 per cent for the year ended September, were hardly surprising given the strength of the Tokyo market during the period. Their shares outperformed even the rise in earnings, doubling relative to the market between January and August.

UK stockbrokers, now seeing their profits suffer in the new competitive world, need not be jealous, though. Since the August peak in the Tokyo market, the securities firms' shares have fallen faster than the index, true to their form as geared bets on the market. Despite their efforts to diversify, their main role is still to assist in the recycling of Japan's huge capital inflows into the world's equity and bond markets. As Japan's exporters are now bringing home less of the bacon, and turnover in the Tokyo market has fallen sharply, the securities houses are likely to have a tougher time from here on.

In fact, those London brokers discomfited by the way that negotiated commissions after the Big Bang are rapidly turning into no commissions might allow themselves a small smile when commissions in the Tokyo market are cut—though not by much—later this month. Tokyo may be following the deregulation route, but very slowly; foreign pressure to be allowed a slice of the Tokyo market remains intense.

China Clays/Bryant

Given that English China Clays has sat on the £86m it raised from the market for the better part of 18 months, it is all the odder that it should fall so prey to impatience this week. Having failed to gain the agreement of Bryant Holdings to an agreed merger on Thursday night, it weighed in yesterday with an aggressive bid that may have put Bryant's director-shareholders on their mettle without having much of a chance of success. It may be that China Clay's own sliding share price caused the haste, but the upshot has been unfortunate: the market cocked a snook at the terms, marking Bryant up 5p to 149p, 19p higher than the cash alternative and 12p above the share offer at China Clays' closing price of 320p, up 3p.

The market has more than a sneaking suspicion that China Clays is trying to pick up Bryant's consented land bank at a discount. The 8,000-odd plots that Bryant holds for development are booked at only £72m in the last accounts, or 72p a share, but a land-buying spree in the inflationary south-east, which required Bryant itself to call on shareholders in October, might push that figure over £1 a share. Bryant will almost certainly argue that such a convenient parcel deserves a premium, leaving aside any value in Bryant's contracting business or its record as a well-managed and profitable builder. Bryant may also be able to show that it is building houses on operating margins not inferior to China Clays housebuilding operation.

Even at the present level of the share offer, China Clays expects some small earnings dilution from the purchase. A higher offer must be pitched carefully, since China Clays will have to work that much harder to push up Bryant's operating margins to stem the dilution. Joint marketing and controls are all very well, but it is quite late in the electoral cycle for this sort of thing.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		Kennedy Brookes	304 + 19
Assoc. Paper	251 + 8	Lex Service	322 + 12
Barton Transport	375 + 85	Octopus Publishing	535 + 10
Berkeley Expln.	62 + 8	Petronol	54 + 8
Blue Circle	650 + 9	Pilkington Bros.	555 + 15
Bryant Hldgs.	149 + 5	Redfearn Nat. Glass	258 + 13
Buckley's Brew.	157 + 8	Scot. Cities A	525 + 17
Century Oils	136 + 12	Snowdon & Bridge	172 + 27
Crowther (J.)	163 + 7	Steel Bros.	630 + 45
Enterprise Oil	166 + 6	Tiphook	360 + 25
Exco Intl.	238 + 13	**FALLS:**	
Ford (Martin)	78 + 8	Fitch Lovell	250 − 9
Guinness	343 + 7	Grosvenor Sq Props	110 − 18
Helical Bar	471 + 35	NMC Invs.	191 − 7
Hollis	80 + 5	Plessey	176 − 4
Inchcape	505 + 9	Share Drug Stores	283 − 7

WORLDWIDE WEATHER

UK today: Mainly dry with bright spells and isolated showers, but wetter in Scotland and Ulster. Weekend outlook: Rain spreading eastwards.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	20	68	Corfu	S	20	68	Luxmbg.	F	12	54	Peking	S	3	37
Algiers	S	24	75	Dallas		—	—	Madeira	F	20	68	Perth	F	21	70
Amsdm.	S	13	55	Dublin	R	9	48	Madrid	C	15	59	Prague	C	5	41
Athens	S	18	64	Dbrvnk.	S	18	64	Majorca	F	20	68	Reykjvk.	R	5	41
Bahrain	S	23	73	Ednbgh.	R	9	48	Malaga	C	18	64	Rhodes	S	18	64
Barclna.	F	19	66	Faro	R	14	57	Malta	F	20	68	Rio J'o		—	—
Beirut		—	—	Florence	R	11	52	M'chstr.	R	11	52	Rome	F	19	66
Belfast	C	9	48	Frankft.	F	8	46	Melbne.	S	27	81	Salzbrg.	F	11	52
Belgrd.	S	14	57	Geneva	R	7	45	Mex. C.	F	10	50	S F'sco	C	14	57
Berlin	S	7	45	Gibraltar	R	17	63	Miami		—	—	Singapr.	F	28	82
Biarritz	F	19	66	Glasgow	R	9	48	Milan	R	9	48	Santiago	F	17	63
Bmghm.	R	11	52	G'rnsey	C	13	55	Montrl.	C	−1	30	Stckhm.	C	4	39
Blackpl.	R	10	50	Helsinki	C	4	39	Moscow	S	−1	30	Strasbg.	S	11	52
Bombay	S	29	84	H. Kong	F	26	79	Munich	S	7	45	Sydney	C	22	72
Bordx.	S	15	59	Innsbrk.		—	—	Nairobi	C	20	68	Tangier	C	20	68
Boulgn.	C	12	54	Invrnss.	F	10	50	Naples	S	22	72	Tel Aviv		—	—
Bristol	R	11	52	I.o.Man	R	10	50	Nassau	F	27	81	Tenerife	F	23	73
Brussels	S	13	55	Istanbul	S	14	57	Nwcstl.	C	9	48	Tokyo	F	19	66
Budpst.	S	7	45	Jersey	C	13	55	N Delhi	S	27	81	Toronto	C	−2	28
Cairo	S	21	70	Jo'burg	F	26	79	N. York	S	2	36	Tunis	S	19	66
Cardiff	R	12	54	L. Plms.	S	22	72	Nice	R	14	57	Valencia	F	17	63
Cape T.	S	22	72	Lisbon	F	12	54	Nicosia	S	19	66	Venice	R	10	50
Chicago†	F	−8	18	Locarno	R	9	48	Oporto	R	10	50	Vienna	S	9	48
Cologne	F	9	48	London	C	13	55	Oslo	C	4	39	Warsaw	S	7	45
Cpnhgn.	C	6	43	L. Ang.	C	17	63	Paris	S	15	59	Zurich	C	5	41

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.

China in power plant barter contract with Soviet Union

BY RICHARD COWPER AND ROBERT THOMSON IN PEKING

CHINA has signed a £410m barter contract with the Soviet Union for 10 210Mw power generating units as part of a larger deal under which Moscow will supply China with generating equipment with a capacity of 6,800 Mw over the next six years.

China will pay for the equipment through exports of textiles and light industrial products.

The contract, concluded in Peking last week, is the largest such supply agreement between the two countries since their schism just over 25 years ago, and falls under a five-year pact to triple bilateral trade volume by 1990.

Zhang Fengxiang, China's Vice-Minister for Water Resources and Electric Power, said yesterday that Peking had also reached agreement in principle with four east European countries to buy an additional 2,600 Mw of generating equipment in the next five years.

The Soviet bloc deals are likely to come as bad news for the 20 or so western and Japanese companies that have hoped for a large increase in Chinese orders. Countertrade agreements have become particularly attractive to China, which is suffering from a severe shortage of foreign exchange.

Peking's attempts to overcome a serious power shortfall—the country last year was 14,000 Mw short, Zhang said—have meant that China has become the world's largest market for conventional non-nuclear power stations. China was looking for soft loans and joint ventures for future western contracts, Zhang said.

The Soviet units are expected to be installed at four facilities in the north and west of the country. The agreement follows several years of negotiations, initiated by the Chinese vice-premier, Yao Yilin, who has played a leading role in the recent improvement in Sino-Soviet relations.

In the last year, China has signed six power equipment supply contracts worth about £3.5bn for plants with a total capacity of 5,400 Mw from western and Japanese companies. Chinese officials are negotiating deals for four more plants with western and Japanese contractors.

Under the other preliminary agreements with eastern bloc countries. China will import equipment from Czechoslovakia capable of generating 1,000 Mw, from Romania 600 Mw, from Poland 600 Mw, and from Hungary 400 Mw. Delivery dates and the composition of the Chinese exports which will pay for equipment, are still under negotiation.

China has put extra emphasis on the development of non-nuclear power following the shelving of ambitious plans to build 10 nuclear power stations by the end of the century. It is now certain to build only two nuclear plants, one at Qinshan, near Shanghai, and the other at Daya Bay, near Guangzhou, for which contracts were signed in September.

One of the Daya Bay suppliers, Britain's General Electric Company, is competing with NEI International, also of the UK, for the supply of equipment for a power station in Yueyang, in the southern province of Hunan.

The plant has been earmarked for a soft loan under a £300m soft loan package. Chinese electric power ministry officials said that to sweeten its offer, GEC has suggested that it could export Chinese coal.

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WEEKEND FT

Saturday November 15 1986

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The Everest enigma

Climbers George Mallory and Andrew Irvine vanished in 1924 near the top of the world's highest mountain. Did they reach the summit? Peter Gillman tells of new developments

IT HAS been a sad mountaineering season in the Himalayas. Not only was there the multiple disaster on K2, in which Britain's Julie Tullis and Alan Rouse perished, but the appalling post-monsoon weather, with incessant high winds, has defeated almost every other expedition in the region.

Among the teams now completing their retreats is the strong British group which had hoped to climb the virgin north-east ridge of Everest but which barely reached the true climbing difficulties. It was just one of half a dozen expeditions attempting Everest by various routes; only one — a Franco-Swiss pair who made a dramatic two-day ascent in August — reached the summit.

Yet, one Everest party — mainly an American venture — has returned satisfied. Perhaps perversely, the summit was only its ancillary objective, for it also hoped to resolve one of the most intriguing mysteries in the history of exploration.

It concerns George Mallory and Andrew Irvine, two figures from the heroic age of Himalayan mountaineering when climbers wore Norfolk jackets and puttees and inhaled oxygen from heavy and unreliable apparatus strapped to their backs. In 1924, while making one of the earliest attempts on Everest, Mallory and Irvine disappeared after being last seen less than 1,000 ft below the 29,028-ft summit, leaving the perpetual enigma of whether they reached it.

One member of this year's US expedition, Tom Holzel, has long been convinced that they could have done so — and hoped, by his visit to the scene of the drama, to prove it. Another member, the British mountaineering historian Audrey Salkeld, although initially sceptical, now regards Holzel's case as highly plausible.

Their arguments are contained in a book*, completed before they left and published last week, which also helps to explain why the fate of the two mountaineers has proved so beguiling a controversy. What they found on Everest last month has strengthened their belief that it could have been Mallory, and not Sir Edmund Hillary and Sherpa Tenzing 29 years later, who made the first ascent.

It was early on the morning of June 8, 1924, that George Mallory, a 38-year-old Charterhouse schoolmaster, and his 22-year-old companion, Oxford undergraduate Andrew Irvine, left the tenuous shelter of Camp Six at 26,800 ft. Half a mile along the mountain's north-east ridge, Everest's summit was etched white against a clear sky. In his last note, Mallory observed that their oxygen sets were "a bloody load for climbing" (an unduly sensitive Alpine Journal editor later rendered Mallory's epithet as "beastly") but that they had "perfect weather for the job."

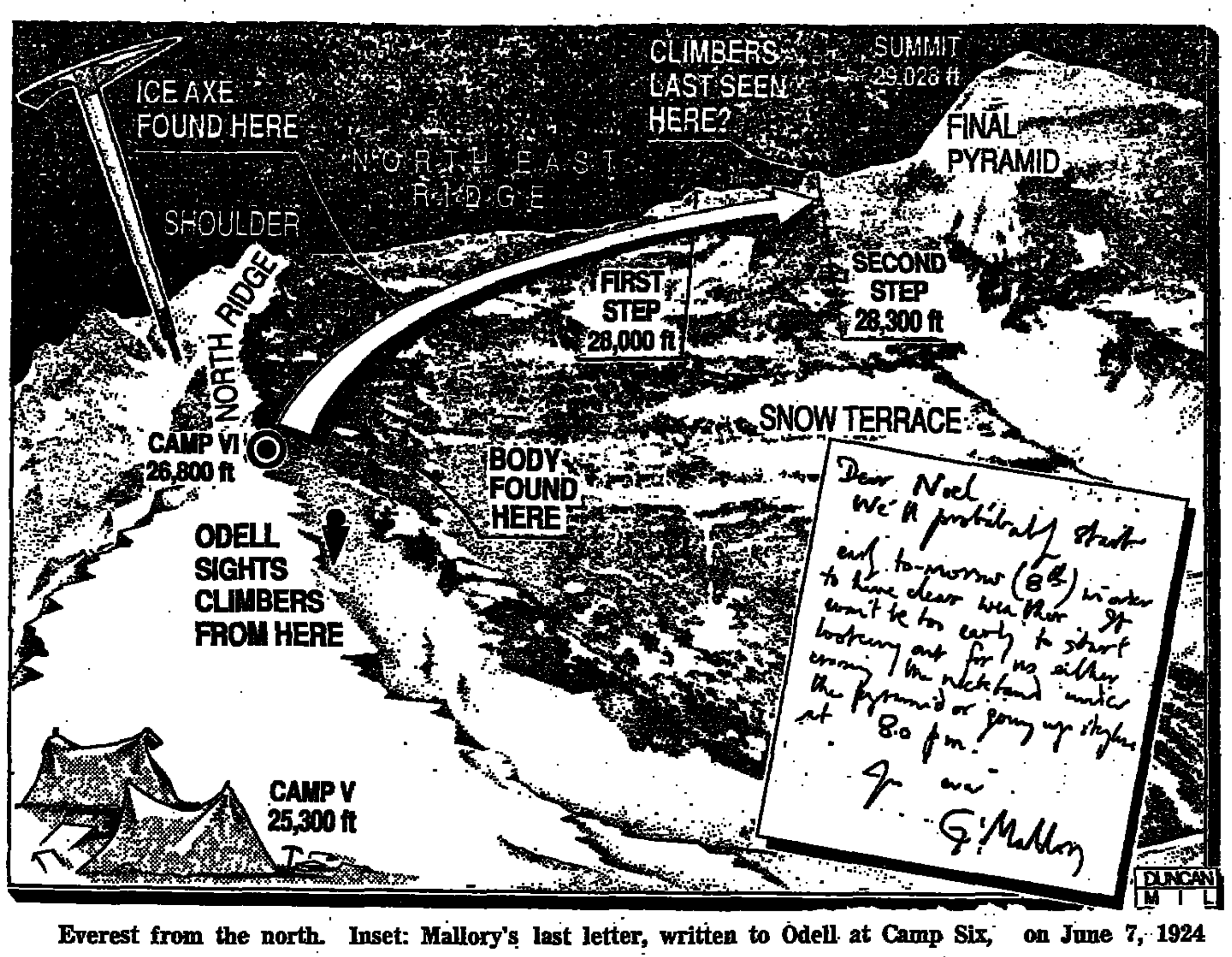
Some 2,000 ft below, moving up in support of their summit bid, was geologist Noel Odell. In mid-morning clouds drifted across the north-east ridge, but at 12.50 pm they suddenly cleared. Odell's description, contained in a dispatch to The Times, has become one of the classic texts of mountaineering.

"The entire summit ridge and final peak of Everest were unveiled," Odell wrote. "My eyes became fixed on one tiny black spot silhouetted on a small snow-crest beneath a rock-step in the ridge; the black spot moved. Another black spot became apparent and moved up the snow to join the other on the crest. The first then approached the great rock-step and shortly emerged at the top; the second did likewise. Then the whole fascinating vision vanished, enveloped in cloud once more." Mallory and Irvine were never seen again.

Just what Odell's "fascinating vision" signified has been minutely debated. At first, Odell believed he had seen his colleagues surmount a buttress at around 28,300 ft known as the Second Step. As it was the last major obstacle, Odell concluded there was "a strong possibility" that they had reached the summit, presumably dying through some mishap during their descent.

Later, Odell changed his mind, for the next British expedition to Everest in 1933 found the Second Step a daunting obstacle: Percy Wyn Harris described it as a "a dark-grey precipice, smooth and holdless." It seemed doubtful whether Mallory and Irvine could have climbed it at all, let alone in five minutes as Odell had described. When he learned of this, Odell supposed that he must have seen them on the First Step, a buttress 300 ft lower down.

That made it far less likely that Mallory and Irvine could have succeeded —and a further item of evidence seemed conclusive. Above Camp Six, the 1933 climbers came upon Irvine's ice-axe, and deduced that it marked the point of a fatal slip during the two men's descent. It seemed to follow that they must have failed. For if they had been on the First Step when last seen, they could not possibly have reached the summit and returned to the site of the ice-axe before nightfall. Nor, with their primitive equipment, could they have survived a night's bivouac so high. The British climbing world sadly concluded that Mallory and Irvine must have met their deaths in gallant defeat.



Everest from the north. Inset: Mallory's last letter, written to Odell at Camp Six, on June 7, 1924

Enter, 40 years later, Tom Holzel, a tall and blue-eyed electronics engineer from Massachusetts. Holzel finds it hard to explain why his obsession with the legend of Mallory and Irvine took root, except that it began when he came across an account of Odell's dramatic sighting while perusing books in a public library. Holzel soon learned of the conventional wisdom that Mallory and Irvine must have failed — but then, after reading every available account, became convinced that this was not necessarily so.

For Holzel, the crux of the matter was oxygen. There was considerable hostility among Mallory's colleagues towards their apparatus, which they regarded as burdensome, unreliable, and even unethical — an "artificial aid" in the contest with the mountain. Holzel believed that the prejudice against oxygen had led the mountaineering world to underestimate what Mallory and Irvine could have achieved. He produced tables to show the ascent rate of later climbers using oxygen, and calculated that the summit was within reach for Mallory and Irvine after all.

Holzel's conclusion rested upon two controversial assumptions. The first was that Mallory and Irvine had been sighted at the Second Step, as Odell had first believed; and if Odell had considered it a "strong possibility" that they reached the summit from there, Holzel argued that with oxygen the chances were even higher.

The second was that having reached the Second Step, Mallory and Irvine decided to split up. For, as Holzel conceded, they would have had only enough oxygen left between them for one person to make a summit bid. Holzel therefore proposed that Mallory instructed Irvine to return to Camp Six while he took the remaining oxygen and pressed on alone.

Then, however, by Holzel's scenario, disaster struck. While descending to Camp Six, Irvine fell at the point where his ice-axe was found. Mallory meanwhile came close to the summit, and perhaps even reached it, before he also fell to his death. When Holzel expounded his arguments in the British climbing press they caused a furore.

As Holzel himself recognised, the supposition that Mallory and Irvine were on the Second Step required a considerable act of faith. But it was his contention that the two men had then separated that aroused the greatest anger. Would Mallory really have dispatched his inexperienced partner to Camp Six alone, ignoring what Percy Wyn Harris termed his "overwhelming responsibility" towards him and thereby transgressing one of the gravest canons in the climber's code?

In fact, as Holzel was able to point out, the history of Everest provides several such transgressions, born of the climbers' drive for success. In 1924 Edward Norton left his colleague, Howard Somervell, on the north face while he also made a solo summit attempt; and on the British expedition of 1975 Mick Burke went on alone when his partner's oxygen set malfunctioned, a decision that led indirectly to Burke's death.

These examples led Holzel to speculate further just why the climbing world was so enraged. He had enlisted the help of Salkeld, a British researcher who supplied much of the material for the definitive history of Everest by Walt Unsworth, published in 1981. After further foraging among Britain's mountaineering archives, she was able to account for the potency of the myth.

By the time of the 1924 expedition, Mallory had become one of the heroic figures of his age. The process had begun 20 years before when, as a Cambridge undergraduate, he was lionised by the Bloomsbury set, which fell upon him with uninhibited delight. Lytton Strachey wrote that he had "the mystery of Botticelli, the refinement and delicacy of a Chinese print, the youth and piquancy of an unimaginable English boy." Mallory's tutor, A. C. Benson, found him "ingenuous, pure-minded, beautiful, and finely proportioned."

These effusions helped to shape Mallory's public role. In the aftermath of World War I, when conventional images of gallantry had been so undermined by the slaughter, there was a renewed longing for heroes of an uncomplicated kind.

With reports and photographs of the early Everest attempts appearing in the British press — there were expeditions in 1921, 1922 and 1924, Mallory taking part in all three — the process had also begun whereby climbers play out their life-and-death struggles to the vicarious satisfaction of their audiences. It can even be argued that Mallory, as vicarious heroes are tempted to do, fulfilled the expectations others held of him by selecting Irvine as his climbing partner.

Noel Odell was fitter and more experienced and would have been a more suitable choice for the summit bid. But Irvine, an enthusiastic and athletic young man who had won an Oxford rowing blue the previous year, perfectly complemented Mallory as the idealised pairing of experience and youth.

It can also be argued that this was the raw nerve Holzel touched upon. By suggesting that Mallory and Irvine had split up, Holzel violated the sanctity of Odell's vision in which two men go bravely forward together to meet their destiny, be it death, glory, or both.

While the opposition Holzel encountered did nothing to dissuade him, his determination to seek conclusive proof grew, and he resolved to go to Everest himself. Further research yielded one possibility: both Mallory and Irvine were carrying cameras — the latest Kodak Vest Pocket model, with a concertina frame—on their summit attempt. Holzel reasoned that *if* he could find the bodies of either Mallory or Irvine, and *if* the cameras and film were intact, the photographs could show Mallory setting off from the Second Step or even — the ultimate grail — the view from the summit.

It looked like the longest of shots, but Holzel's determination was fired when he learned that a Chinese climber had reported that in 1975 he discovered a body on a snow terrace below the point where Irvine's ice-axe had been found (the Chinese died in an avalanche four years later). Holzel asked every expedition departing for Everest to take him, without success. Finally, and most audaciously, he decided to organise an expedition of his own and received permission from the Chinese Government for the post-monsoon season of 1986.

Holzel's plans drew further expressions of outrage in Britain, which were not assuaged when Holzel combined forces with a strong American climbing team. Salkeld, although nurturing doubts about Holzel's thesis, was sufficiently won over to accept an invitation to go.

When Holzel and Salkeld arrived at Everest in mid-August, they did not find the smoking gun Holzel craved. But what they did see came as a revelation. Western expeditions have only recently been permitted to attempt Everest from the north, via Tibet, following the same route as the pre-war British attempts (the British triumph of 1953, and most Western expeditions since, have approached from the south, via Nepal).

Thus, when Salkeld reached Camp Three at 21,300 ft, she was one of the first informed observers to obtain the same perspective on the north-east ridge as Odell. She found that the Second Step fitted his epic description perfectly — while the First Step was not even in sight. "Mallory and Irvine *must* have been on the Second Step," she says.

American climbers who went higher reported further significant discoveries. It was not even necessary to climb the First Step, as it could be bypassed with ease; and the daunting account of the Second Step given in 1933 applied only when viewed from below. When approached from the crest of the ridge, the Second Step appeared quite feasible —recent Western expeditions had found the same — and again matched the details given by Odell.

Salkeld remains unpersuaded that Mallory and Irvine would have split up, as Holzel argues; her own suspicion is that they would have continued together, despite their depleted oxygen. And then? With the summit tantalisingly close when their oxygen ran out they could have pressed on regardless, as other climbers using oxygen have done since. Even when night overtook them during their descent, they tried to reach the safety of Camp Six — only to fall at the point where Irvine's ice-axe was found.

Salkeld admits that her scenario, like Holzel's lacks absolute proof. She believes that the odds that Mallory and Irvine succeeded have increased considerably, but she admits that she is content for the enigma to remain unresolved. "Of course I would like them to have climbed Everest," she says. "But I would hate it to be proved that they didn't."

* "The Mystery of Mallory and Irvine" will be reviewed next week by Janet Adam Smith.

The Long View

Let's hear it for the Rising Sun

The growth of the big Japanese finance houses inspires great fear in London —but it could help to cure the long estrangement between British industry and those who back it, says Anthony Harris

ANYONE WHO says that the British labour market does not work is looking at the wrong end of it. Economists may be at a loss to explain the trend of British wages in the face of high unemployment, but they should have little difficulty in explaining what happens in management and the professions.

Britain has a system in which the top salaries are paid in finance; and there are cosy, high-income cartels protecting those who can pass stiff professional exams. Result: the City gets the pick of the most enterprising; the professions get those who are high in brainpower but averse to risk—and industry and commerce are left, all too often, to those who are neither particularly enterprising nor particularly clever. Q.E.D.

This little background analysis helps to explain the long-standing mistrust (and, indeed, envy) which British industry feels for the City; it emerged again quite strongly at the CBI conference this week. It also helps to explain the rather low opinion the City holds of industry. This is not, of course, purely a British disease: as an observant reader, Nigel Hawker, pointed out in a letter this week, countries with an overgrown financial system generally have a rather poor industrial record.

As everyone knows, though, the City is undergoing an earthquake of change; on the other hand, very few people outside the City understand what is going on. The CBI's more embittered speakers seemed to have swallowed whole the television image of rather arrogant young Porsche-owners gambling with our industrial and economic future in the intervals between computer breakdowns.

This bears about the same relation to real life in the City as an episode of Dallas does to the everyday experience of a BP executive. City men do still find time for lunch on some days—although restaurant trade is down and breakfast and dinner are almost forgotten relics of civilisation. Corral a few senior men at a lunch table and you will hear the same story again and again.

For the moment, we have an enormous investment in hardware, and virtually no commission income, so we must now try to make a living by trading our book; and that is an awfully risky way to grow until the Japanese arrive in real force.

Initially, the Japanese threat simply means that commissions are probably consigned to history; the new competition has a long purse, and is obviously ready to buy market share. In the longer run the Japanese seem bound to get it, since Japan is now the world's main source of investment capital and Japanese institutions are enormous.

What the more long-headed British institutions are beginning to think out, therefore, is how they are going to be able to compete with the Japanese at heir own game. This means a total change of culture, as has already been seen in New York. Growth for its own sake is out—especially in the traditional British sense.

British banks used to get a large advantage out of their cheap high street deposits. In the new world of competition against the building societies and others, these deposits are no longer cheap. Growth, and profit, lies in attracting sound borrowers with new tailor-made "products"—a combination of credit and risk cover to cater for individual problems. This means wooing clients, and learning to understand their most intimate problems—something more like a partnership than a grudging handout.

This leads to an interesting balance of advantage between the big British banks and their much bigger potential competitors from Japan. The City, which has grown fundamentally through financing international trade and investment, starts with a substantial advantage in expertise at present, when managing a profitable book is the basic requirement. The Japanese have a lot of money but a lot to learn—although they will, no doubt, learn it formidably quickly.

When it comes to loving and understanding borrowing clients, however, the Japanese have the more appropriate tradition. Like the German banks, they have deep, committed and supportive relationships with their major clients. This is the kind of banking which the Bank of England has long sought to encourage, with very little effect. It might now be about to discover that throwing the City to the sharks is more educative than any number of cups of tea in Threadneedle Street.

Any readers with direct experience of what is going on at the moment will probably regard this as an impossibly starry-eyed prophesy. Everyone concerned with the Big Bang has been so preoccupied with problems of organisation and regulation that it is hard for them yet to see the strategic picture. The Bank of England, indeed, with its obsession with deep and liquid markets is actually doing all it can to encourage the portfolio-switching and short-term views that cause estrangement.

However, the bankers, whether commercial or central, will soon have to raise their eyes from their organisation charts and start planning what they are going to do, and their thoughts will surely turn—sooner or later—to developments on the lending side. There is time to think, because many big British companies have been enjoying such profits recently that they can practically go into banking on their own account; but these cash hoards attract takeover attention, and will not last for ever.

Provided, then, that the necessary brainpower is brought to bear—and there have been some very encouraging changes in previously sleepy giants—and provided that the Bank of England does not get over-protective about the Britishness of the City, I can remain starry-eyed. The Japanese are coming: welcome them.

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Scandal in City adds spice to dull week

JUST A fortnight after Big Bang, a big scandal. City gossip this week has been dominated by one subject: the dramatic departure on Monday of Mr Geoffrey Collier, the securities chief of Morgan Grenfell, the merchant bank.

Mr Collier's forced resignation for alleged insider trading in the shares of bid target AE, the engineering group, will have widespread repercussions.

It is a major blow to the morale of Morgan Grenfell; it will damage the reputation of the City at a time when there is already widespread public hostility to financiers' inflated salaries and scepticism about the ability of the new securities houses to circumvent conflicts of interest; and it provides a bizarre new twist to the extraordinary takeover battle for AE, the engineering company, which is acquiring a reputation akin to Tutankhamun's tomb — laying a curse on those who meddle with it.

The Collier affair has given spice to what has otherwise been a rather dull week in London, with the gilt and equities markets moving lower as analysts take a second look at the autumn statement unveiled by Mr Nigel Lawson, the Chancellor, 10 days ago.

The City's initial phlegmatic response to Mr Lawson's plans for a big rise in public expenditure has now become more edgy, particularly over the implications for inflation.

A sharp mid-week drop in the trade weighted value of sterling, though partly a response to the dollar's weakness, also underlined this concern, as well as the deteriorating trend in the balance of payments. However, Mr Lawson said in an interview last weekend that he did not want sterling to fall any further and, if necessary, would be prepared to raise interest rates again to defend the currency.

This is hardly an encouraging backdrop for the gilts market, which in turn will exert a dragging influence on equities. The joker in the pack remains oil prices. The markets have been nervous ahead of this weekend's meeting of an important committee of OPEC, but any firm signs of a producers' agreement which lifted crude prices would help bolster sterling and the markets generally.

Despite the general downward trend, the week produced several good sets of results, notably from J. Sainsbury and Unilever, together with some sharp upward movements in the shares of companies surrounded by a froth of bid rumours. Grand Metropolitan, the hotels, brewing and leisure group, reached a new high for the year amid speculation that a break-up consortium bid is on the way, while a similar theory fuelled the advance of perennial bid favourite Consolidated Gold Fields.

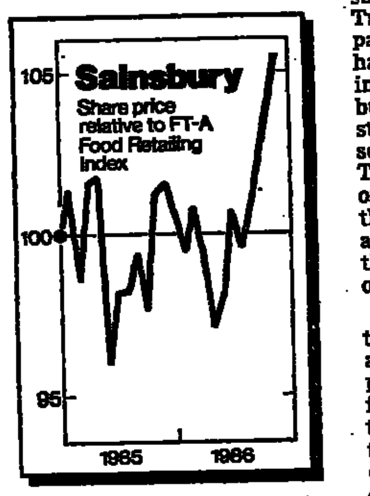
One rumour of recent weeks — that there has been a large Australian stake built up in Blue Circle, the cement producer, finally evaporated when Adelaide Steamship revealed that it had built up a 6.3 per cent stake.

London

Adelaide is headed by Mr John Spalvins, who has built it up into one of Australia's largest industrial and retailing groups through full bids, partial bids and the acquisition of crucial controlling stakes in target companies. He is often spoken of in the same breath as those other Antipodean corporate raiders who have made such an impact in Britain—John Elliott of Elders IXL, Ron Brierley of IEL, and Robert Holmes à Court of Bell group.

This is Mr Spalvins biggest public splash into the London market (he already holds 13 per cent of printing ink maker Coates Brothers) and his intentions remain obscure. One suggestion is that he might wish to use the stake as a lever to acquire a stake in Blue Circle's Australian associate. Adelaide already has significant local cement interests.

Sainsbury's has enjoyed a reputation for so long as one of Britain's most successful



companies—combining excellent margins with quality products and happy staff—that sceptics are sometimes tempted to ask whether it can keep up the pace it has set itself. Yet time and again the company has turned in results ahead of City expectations.

This week has been no exception, despite a recent upgrading of brokers' forecasts in the light of Tesco's recent figures. Sainsbury's announced first half profits of £123.5m—up from £92.4m in the same period of 1985 and £3m-£4m above the City's best hopes. The retail margin was up for the fourth year running, from 4.65 per cent to 5.51, thanks to productivity gains, a better sales mix and the low level of food price inflation.

The group is making cautious noises about the second half, but analysts have upgraded their full year pre-tax profit estimates to around £240m. The figures provoked only a small upward movement in the share price, leaving Sainsbury's on a prospective p/e of 18-19. That gives it little or no premium on the rest of the sector, which seems rather niggardly.

In conclusion, back to AE. Late on Thursday, Turner & Newall renewed its bid for the engineering group. It had been given special dispensation to do so by the Takeover Panel, which censured Hill Samuel, AE's merchant bank, for controversial defence tactics it pursued during Turner's first, and narrowly unsuccessful, tilt at AE.

However, there is another bid already on the table, and it is being recommended by AE's management. It comes from Hollis, a small furniture and timber company controlled by Mr Robert Maxwell, who has developed a sudden appetite to become a force in British engineering.

What should the small shareholder do? Based on current share prices, the offer from Turner is slightly higher in paper terms. Turner may not have convincingly proven the industrial logic behind its offer, but at least it is already a substantial force in the engineering sector. Under Sir Francis Tombs, it is also a company on a strong recovery tack from the dark days of several years ago when asbestos claims threatened to drag it into oblivion.

That said, it remains exposed to some risky areas — Africa and asbestos — and it is not providing a full cash alternative for its offer, which makes its terms vulnerable to a slide in the share price. Mr Maxwell, by contrast, has underpinned his offer with a full 260p a share cash alternative.

The best bet for the small investor is probably to sell in the market as high as possible above 260p and say "a plague on all your offers."

Martin Dickson

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 high	1986 low	
F.T. Ordinary Index	1,298.2	−24.0	1,425.9	1,094.3	Dragged down by Gilt weakness
F.T. Govt. Secs. Index	81.38	− 1.20	94.51	80.39	Sterling/interest rate uncertainty
AMS Inds.	48	−15	125	46	Profits warning
Armstrong Equipment	136	+18	141	69½	Caparo (LTI) discloses 5.81% stake
Britoil	165	+ 8	208	101	Oil price hopes
Bryant Holdings	149	+31	149	80	Bid from English China Clays
Burns-Anderson	109	+26	110	58	Bid from Dudley Ltd.
Commercial Union	269	−13	335	230	Disappointing third-qtr. profits
Conroy Petroleum	348	+47	353	23	Exploration hopes
Consolidated Gold Fields	694	+29	701	409	Break-up bid rumours
Copson (F.)	106	+51	118	32	Asset injection hopes following 70p bid
Glasgow Stockholders	160	+16	161	115	Bid approach
Lucas Inds	443	−36	653	443	Int. results fail to reassure
Milford Docks	73	+18	88	36	Bid approach
Moorgate Mercantile	63½	+13½	63½	40	Brit. and Comm. increases stake
NMC Invs	191	+25	198	14½	Revived speculative demand
Ocean Wilson	83	+18	83	34	Bid approach
Redfearn Nat. Glass	258	+57	258	118	Good preliminary results
Scottish and Mercantile A	99	+ 7	99	77	Bid approach
Sears	128	− 8½	148½	104	Fading takeover hopes

Signs of a video revival

TELEVISION and video production once was one of the most fertile sectors of the USM. Like all too many USM star sectors, the fortunes of the production and facilities houses have floundered in the past year or so; yet in recent weeks the sector has staged something of a resurgence after a flurry of acquisition activity.

In the past week alone Trillion has agreed terms for its proposed merger with Viewplan, the USM-quoted outside broadcasting house, and Crown Television Productions has mooted its plan to merge with a large unquoted—and as yet unnamed—corporate video producer. This summer Trillion acquired Limehouse Studios while Aspen Communications absorbed the USM-quoted video house, Spafax.

This spate of activity ends a rather haphazard period for the USM-quoted production and facilities houses in which perceptions of the sector have been moulded chiefly by the troubles of Television Services International.

When TSI first floated early in 1983, the prospects for the production industry seemed rosy. The introduction of Channel 4 and the growth of corporate video and pop promos had created new markets for the independent producers and the specialist facilities houses which serviced them. Traditional markets, such as television commercials, were still buoyant. There seemed no reason why an ambitious company like TSI should not follow in the footsteps of Carlton Communications, which was expanding at a frenetic pace on the main market, helped by an active acquisition policy.

TSI's shares rose to an immediate premium when it joined the USM and reached a peak of 233p two years later when it acquired Molinaire, a company which had built up one of the most sophisticated production centres in Europe but had over-reached itself in the process.

Dogged by an erratic series of results, TSI's shares have fallen ever since, to 32p last week. The company is still ambitious, as it proved with the purchase of the Visions post-production house in June, but the weakness of its share price inhibits its potential for expansion. TSI's profits should recover to around £1.4m this year, but it will take more than one set of solid results to restore the City's confidence in the company.

The state of the production and facilities industry is now rather different. Channel 4, corporate videos, pop promos and

USM

UNLISTED SECURITIES MARKET

even television commercials are still creating business, but there are many more production companies and facilities houses around to compete for it.

The market is now intensely competitive. As technology advances, the cost of equipment has become frighteningly high and new products are rapidly rendered obsolete. The new media — cable and satellite television channels — could emerge as sources of new business. But cable's progress has been sluggish and satellite is still in its infancy. In the meantime, the obvious solution for the production and facilities houses is to effect economies by merging into larger operations.

Trillion proposes to merge with Veiwplan in order to consolidate its outside broadcasting interests. Viewplan floated on the USM in 1985, when it was valued at £12.9m. Although its outside broadcasting activities have proved profitable, peripheral interests have not: losses from these sapped the company's profits in its last financial year. The board has now recommended acceptance of Trilion's offer of £6.7m.

The progress of Trillion's share price has been fairly erratic since its USM debut in July 1985, although it has risen since the acquisition of Limehouse Studios in June. The company forecasts profits of £925,000 in the year to the end of September, and the City has revised its original estimate of £1.6m for the current year to £2.1m.

Crown's proposed merger has been caused by the same need to secure economies as Trillion's with Viewplan.

Similarly, Aspen Communications acquired Spafax in July to augment its corporate video activities, then centred in its subsidiary, Aspen Television. Spafax, which joined the USM in early 1985, had nurtured a healthy corporate video business but suffered because of its hefty capital spending.

In recent weeks, Aspen has attracted a stream of enthusiastic brokers' circulars. But it has a more eclectic range of activities than either Crown Trilion or TSI, and can rely on profits from publishing or mobile radio should there be a sudden downturn in video.

Alice Rawsthorn

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated.				
AE	262½	271	236	258.40	Hollis
AE	273½§§	271	182	269.23	Turner & Newall
Berkeley Expl.	53	54	56	12.94	Clyde Pet.
Berkeley Expl.	45*	54	38	10.98	Ranger Oil
Copson (F.)	70*§	105	55	2.52	Mr R. Thompson
Crusts	157½	155	100	9.14	Kennedy Brookes
Deborah Serv	159¼	144	78	12.92	Scott Greenham
Dialene	289*	285	260	11.01	Bunzl
Gilbert House	15*§	96	13	4.32	Letts Green Est
Grosvenor Group	125†§	134	120	7.79	BBA Group
Grosvenor Group	135†	134	125	8.41	Hollis
Heath (C. E.)	586§§	485	480	185.01	PWS Hldgs
Henera	70*	68	57	8.04	Warner-Lambert
Imp Cont Gas	530*	566	518	753.13	Gulf Resources
LCA Hldgs.	120§†	127	123	26.23	MAI
LCP Hldgs	180†	187½	137	147.18	Ward White
Lincroft Kilgour	264§	259	250	12.06	Priest Marians
McCorquodale	310*	306	282	158.88	Amplepoll
McCorquodale	310§	306	258	158.88	Norton Opax
Monk (A.)¶	153*	148	119	16.54	Davy Corpn
Ocean Transport & Trading	260*§	252	217	297.6	IEP
Osceola Hydrocrb	19	17	11	4.77	Eglinton Oil
Prince of Wales Hotels¶	98¼	95	80	12.20	Goldsmiths Grp
Prop Hldg & Inv	133	169	145	104.94	Greycoat Group
Prop Hldg & Inv	182½	169	166	144.00	Wingate Prop Inv
Sandhurst Mkt	102	101	85	21.11	Tootal
Simon Eng	280§§	312	266	172.55	Valuedale
					Fitch Lovell
Snowden & Bridge	180	172	145	11.81	
Steel Bros	634	630	585	89.42	Brit. & Comm.
Wedgwood	527	518	423	239.04	Waterford Glass

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 14/11/86. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
J. Bibby & Sons	Sept	37,830	(31,180)	21.0	(17.9)	8.25	(8.0)
Brint Investments	Aug	354	(1,180)L	9.9	(—)	—	(—)
City of Dublin Bk.	Sept	803	(286)	3.9	(1.5)	3.2	(3.2)
Cosalt	Aug	1,030	(1,050)	3.2	(8.5)	3.5	(2.75)
M. J. Gleeson	June	5,650	(5,000)	35.1	(29.6)	5.91	(5.37)
Ldn. Wkend. TV	July	13,700	(8,303)	42.9	(33.0)	18.15	(14.4)
Lucas	July	95,200	(57,697)	56.2	(41.1)	13.0	(11.0)
Microfilm Repro	June	1,820	(939)	14.5	(11.3)	3.0	(1.5)
Redfearn Nt Glass	Sept	2,580	(1,280)	38.2	(20.0)	6.0	(4.0)
Renold	Sept	100	(2,500)	—	(2.3)	—	(0.7)
Smiths Industries	Aug	56,520	(47,580)	16.4	(12.9)	5.5	(4.5)
Stewart Nairn	June	371L	(933)	—	(—)	—	(—)
Swindon Priv Hos	July	46	(51)L	3.3	(—)	—	(—)
Wade Potteries	July	1,670	(1,660)	10.4	(10.0)	3.5	(3.0)
Wellcome Found.	Aug.	125,300	(121,650)	7.8	(7.5)	1.32	(—)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied Irish Bk	Sept	52,700†	(44,100)	5.0	(4.5)
Amersham Intnl	Sept	10,410	(7,770)	2.8	(2.42)
Apricot Comps	Sept	2,500	(4,600)L	—	(0.33)
Bank of Ireland	Sept	†43,000	(40,200)	3.25	(3.25)
Boosey & Hawkes	June	1,430L	(1,390)L	—	(—)
Bryson Oil & Gas	June	24L	(15)	—	(—)
Case Group	Sept	4,690L	(3,360)L	—	(0.45)
Comm. Union	Sept	72,200†	(3,900)L	—	(—)
Culleus	Aug	994L	(555)L	—	(—)
De La Rue	Sept	18,000	(16,400)	2.75	(2.75)
Dunhill	Sept	9,940	(8,000)	2.5	(2.0)
J. E. England	Sept	230L	(33)L	—	(—)
Fergebrook	June	2,200L	(557)	1.2	(1.2)
Futura Hldgs	June	66	(41)L	1.2	(2.5)
GEI Intnl	July	1,240	(1,750)	1.94	(1.94)
General Accident	Sept	89,400†	(9,700)	—	(—)
Glanfield Lwrnce	June	78	(127)L	—	(—)
Goldberg	Sept	485	(298)L	2.5	(2.0)
Goldsmiths	Aug	267L	(428)L	2.5	(2.5)
Gt. Portland Est	Sept	10,400	(8,750)	2.5	(2.0)
Granite Surface	Aug	622	(476)	0.9	(0.75)
Hanover Druce	Aug	763	(401)	1.2	(1.1)
Hartwells Group	Aug	2,500	(2,700)	0.88	(0.88)
Health Care Serv	Sept	311	(205)	0.75	(—)
Henderson Admin	Sept	13,000	(5,170)	5.0	(3.0)
Just Rubber	July	294	(254)	0.64	(0.28)
Land Sec.	Sept	58,100	(54,200)	3.25	(2.9)
LCP	Sept	5,910	(4,480)	2.4	(1.8)
Merrett Hldgs.	June	5,000	(1,340)	—	(—)
Mitchell Somers	Sept	95.7	(927)	1.75	(1.75)
Moorgate Mercnt.	Sept	851	(489)	0.65	(0.5)
Plessey	Sept	87,400	(70,300)	—	(—)
Readicut Int'l.	Sept	3,020	(1,700)	0.25	(0.17)
Royal Ins.	Sept	†193,100	(16,600)	—	(—)
RPH	Sept	31,500	(17,300)	—	(—)
J. Sainsbury	Oct	123,500	(92,400)	2.05	(1.65)
Staveley	Sept	4,380	(3,270)	6.0	(5.5)
Storehouse	Sept	37,140	(30,950)	2.5	(2.0)
Ultramar	Sept	2,700†§	(79,500)	—	(—)
Unilever	Oct	$12,000†	(577,000)	—	(—)
Valor	April	3,500	(2,500)	1.53	(1.36)
John Waddingtn.	Oct.	5,100	(3,187)	2.9	(2.6)

(Figures in parenthesis are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † Figures for nine months. ‡ Irish pounds. § Net profits. L Loss. ‡ Irish pounds. † Figures for 9 months.

BP facing £25m dip in profits

BRITISH PETROLEUM is producing third-quarter figures on Thursday and, given the discouraging results from Standard Oil, net profits on a replacement cost basis are expected to be £235m. This compares with £260m in the same period last year.

In Europe, BP's downstream margins have been declining — one broker expects only $1.50 a barrel compared with $4.60 in the second quarter. In the third quarter, oil prices had still not recovered from the $10 a barrel lows, so depressing upstream profits.

Standard Oil's pre-tax profits for the third quarter were $155m compared with $765m last year. BP owns 55 per cent of Standard, which has been hit by falling Alaska crude prices.

Interim results from CABLE AND WIRELESS, the UK telecommunications group, due on Thursday, are expected to show pre-tax profits of around £155m, up from £136m in last year's first half.

Exchange rates are likely to have proved a limiting factor on profits performance as the vast majority of turnover is denominated in US dollars or dollar-pegged currencies. But volume growth in the Far East should counteract the exchange rate effect.

Mercury Communications, the rival to British Telecom, will still be a drain on profits in these figures and is not expected to contribute until next year at the earliest.

WHITBREAD will be reporting on a period in which beer production generally continued to fall when it produces its

Results due next week

figures for the six months to August on Wednesday; yet analysts are still expecting a rise of around 15 per cent in pre-tax profits.

In part, this is because Whitbread has been investing heavily in its brands and has succeeded in putting on volumes in a declining market. But profits will also have been buoyed by a strong advance in the retailing division, both from established operations such as Threshers and Beefeater and the still emerging ones such as Pizza Hut and the discotheques.

The least successful division will again prove to have been wines and spirits, which is still being hit by the poor performance of its US operations. Even this division, however, should have managed a modest improvement, so enabling the group as a whole to turn in between £73m and £75m against £65.5m last time.

BURTON, the stores group, is expected to declare pre-tax profits for the year to August 1986 of £145m when it announces its results on Thursday. The figures will include a first-time contribution of about £75m from Debenhams, which the group bought for £560m in August 1985. Profits within the existing group are expected to be up 30 per cent.

Following the Debenham's purchase, Burton has worked hard to reduce its gearing. In May, it arranged a £40m sale and leaseback property deal and followed with the £19m sale of Lotus in August and the £30m sale of Hamleys in the same month. Last month, it freed around £70m via an innovative scheme whereby £100m of its properties were transferred to a new holding company.

No one expects much sparkle from BOOTS, the high street chemist and drugs group, when it reports interim figures to end-September on Thursday. Around £90m before tax and property profits is the upper end of analysts' forecasts — a 10 per cent improvement on the first half of 1985. The pessimists expect just £85m.

The company itself disclosed sales growth in the retail division of just under 9 per cent in the first three months — a distinct advance on the drab 4½ per cent scored in the second half of 1985-86. Better weather is likely to have boosted the figure further in the second quarter, but Boots has been pricing aggressively on toiletries and margin growth has probably been unspectacular.

BEECHAM GROUP is expected to improve pre-tax profits from a restated £138.1m to about £155m when it announces figures for the first half of the year on Thursday. An interim of at least 5.5p net is in view.

Highlights will include strong growth from pharmaceuticals in the US and France, with the antibiotic drug Augmentin performing particularly well. Over-the-counter medicines are thought to have gained market share, and cosmetics and consumer products will have improved.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Australia & New Zealand Banking Grp.	Monday†	15	16	15
Bertrams Investment Trust	Friday	—	—	—
British Empire Secs. & General Tst.	Friday	0.2	0.3	0.2
Diploma	Monday	1.25	4.0	1.25
Jessups	Wednesday	1.25	2.75	1.5
Manchester Ship Canal Company	Thursday	—	6.0	—
MMT Computing	Monday	1.2	2.8	1.8
Ranks Hovis McDougall	Wednesday	1.84	3.45	2.12
Rodime	Thursday	—	—	—
St Ives Group	Monday	—	—	—
Scottish Cities Investment Trust	Tuesday	6.0	17.0	7.0
Share Drug Stores	Monday	0.7	1.1	—
Tyzack Turner	Friday	0.8	2.4	1.0
Williamson Tea Holdings	Tuesday	—	20.0	10.0
INTERIM DIVIDENDS				
Abbeycrest	Tuesday	—	—	
Avena Group	Wednesday	5.0	7.0	
Beecham Group	Thursday	5.1	6.9	
BET	Thursday	4.0	12.0	
Black Arrow Group	Wednesday	1.75	3.25	
Boots Company	Thursday	2.5	4.6	
British Petroleum	Thursday‡	—	—	
N. Brown Investments	Monday	3.75	7.5	
Brown Shipley Holdings	Thursday	3.5	5.75	
Cable and Wireless	Thursday	1.75	3.0	
Checkpoint Europe	Thursday	—	—	
Chloride Group	Thursday	—	—	
DDT Group	Thursday	—	—	
Electra Investment Trust	Wednesday	1.8	2.3	
B. Elliott	Tuesday	1.0	2.0	
Fulcrum Investment Trust	Thursday	2.2	3.4	
Hazlewood Foods	Thursday	1.333	1.833	
Infrared Associates	Monday	—	—	
Ivory and Sime	Monday	1.0	3.75	
Jersey General Investment Trust	Wednesday	5.75	8.75	
Lawmar	Wednesday	—	1.54	
London International Group	Tuesday	1.5	3.1	
London Securities	Monday	—	—	
M.K. Electric Group	Tuesday	3.4	7.4	
Ocean Wilsons	Friday	0.499	1.999	
Personal Assets Trust	Friday	—	0.35	
Premier Group Holdings	Thursday†	32	54	
Rothmans International	Friday	2.2	4.5	
Soc International	Monday	—	0.5	
Scantronic Holdings	Thursday	0.5	1.15	
Sketchley	Wednesday	4.7	12.8	
Somic	Friday	0.5	1.5	
S and U Stores	Monday	—	—	
Volex Group	Monday	3.0	6.0	
Walker and Staff Holdings	Thursday	—	2.0	
Warnford Investments	Wednesday	7.0	10.0	
Whitbread and Company	Wednesday	2.05	4.3	
Witan Investment Company	Thursday	0.75	0.875	
Young and Co's Brewery	Tuesday	3.3	4.0	
PRELIMINARY DIVIDENDS				
Moran Tea Holdings	Tuesday	5.0	7.5	7.5
Oceana Consolidated Company	Tuesday	—	1.0	—
TMO Advertising	Monday	—	—	—

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † Cents per share. ‡ Nine months figures.

Fears of platinum crisis recede

AFTER MONTHS of often hectic activity the platinum market has been looking rather subdued in recent days.

In the past two weeks, prices in London have fallen from $571 an ounce to around $533, prompting some traders including Drexel Burnham Lambert, to suggest that it could now be on its way down to $460.

In itself this might be nothing to worry about. In such a volatile market it is only to be expected that, after shooting up from a low this year of $342.50 to $673.75 an ounce in August, the price would fall back as some investors took profits. Indeed bullish traders argue that this is no more than a temporary correction. At yesterday's London prices, platinum is still at a healthy $125 an ounce premium to gold, afer spending most of the 1980s trading at a discount.

However, there seems to be some substance to the underlying reason for the decline—a reassessment by investors of the potential threat to supplies from South Africa, the dominant producer.

Certainly, the political crisis in southern Africa looks as serious as it did three months ago, with no solution in sight to the region's deep-rooted problems. However, the fear that unrest might soon seriously disrupt platinum mine production seems to have eased: a brief strike at the Rustenburg platinum refinery, which might have sent prices soaring in summer, scarcely moved the market at all.

Moreover, speculative concern — which never seemed soundly based—that Pretoria might respond to Western economic sanctions by cutting platinum exports, seems to have evaporated.

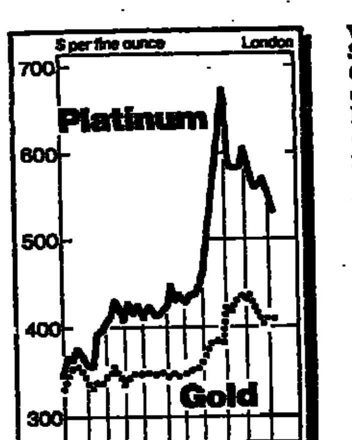
A report from Johnson Matthey, the platinum refining and marketing company, dispelled any concern that the world is about to run short of the metal, notwithstanding strong demand from investors.

Mining

Johnson Matthey said investors could buy some 400,000 ounces of platinum in 1986—almost as much as in 1984 and 1985 combined. Industrial demand—chiefly from autocatalyst makers—was expected to be higher than last year but jewellery manufacturers were buying less.

Overall, Johnson Matthey said supply was likely to fall short of demand, but by a narrower margin than last year since producers had stepped up output to take advantage of higher prices. Western world demand could be in the range of 2.435m to 3.205m ounces against supply of 2.635m to 2.985m ounces.

It would take a much greater fall in prices than that seen over the last two weeks to upset the producing companies. Western Platinum, Lonrho's South African associate, has reported a 62 per cent increase in income for the year to September of R136.7m.



Meanwhile, gold seeems to have established a new trading range comfortably above $400 an ounce. Having followed platinum up earlier in the year it seems reluctant to come down in sympathy. Not surprisingly, investors' support is more solidly based than in platinum —speculation about the future of South Africa as a producer seems to be playing much less of a part in this market now than caution about alternative investments in bonds and equities.

While there is less immediate concern about a resurgence in US inflation rates than there was two months ago, some investors think it prudent to increase the spread in their portfolios to include a little more gold.

Nevertheless, the real returns on interest-bearing investments is hard to beat. Stockbroker Sheppards and Chase said in a recent report on gold: "Is inflation a problem? In Japan and Germany certainly not, in the US not really, and nowhere else is significant in terms of weight of money. For most investors a return of 5 per cent from yen or Deutsche Mark bonds is still hard to beat."

Higher bullion prices are working wonders for gold mine profits of course. This week, Canada's Dome Mines reported a threefold increase in net income before extraordinary items for the first nine months of 1986 to C$11.43m, from C$3.289m. After extraordinaries, which included profits on sales of shares in subsidiaries, the figure was C$56.67m (C$14.94m).

Fellow Canadian miner Echo Bay recently reported a near doubling of profits to C$8.3m from $4.6m for the third quarter to the end of September.

Elsewhere, investors looking to back a North American gold producer will soon have another company to choose from. Last week, Consolidated Gold Fields hinted it would float off its successful US gold interests when the time was ripe, though this may not be for a year or two. This week Noranda, the Canadian mining house, said that, with its partners, it would create a separate company to own the Golden Giant mine on the Hemlo deposit in Northern Ontario. The new company could then be sold to the public.

Stefan Wagstyl

RIGHTS ISSUES

Glanfield Lawrence—To raise £1.48m in a one-for-two rights issue at 50p.

City of Dublin Bank—To raise £3.6m in a five-for-six rights issue of 8.5m shares at 47.5p.

Bryson Oil and Gas—To raise £7.1m in a one-for-one rights issue of 10.48m shares at 70p.

John Waddington—is raising £22.4m via a one-for-four rights issue at 180p.

SCRIP ISSUE

Microfilm Reprographics—One-for-two.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

S. Daniels—Is coming to the market through a £2.7m placing of 2.1m shares at 130p each.

Hanover Druce—Placing 3.25m 6.75 per cent convertible preference shares of £1 each at par.

Geest—Is coming to the market with a placing of 25.6m shares at 125p per share.

Gordon Russell—Placing 2.9m shares at 190p a share.

International Business Communications—Placing 5m new ordinary shares at 95p each.

Plumb Holdings—Is joining the USM with a placing of 2.5m shares at 90p a share.

Predators prowl

THE HEAVY hitters of the New York Stock Exchange (NYSE) have been off in China this week opening the lines of communication to a potential new entrant in the world's financial markets. At home on Wall Street, meanwhile, the corporate predators, led by Ming the Merciless, have been having a ball.

By all accounts, the NYSE's trip to China was a great success. Some 20 executives briefed 200 Chinese financiers in the Mongolia Room of hte Great Hall of the People on everything from zero coupon bonds to insider trading.

However, the NYSE might have been better off inviting the Chinese to New York. It has been a vintage week for demonstrating who the forces of capitalism work.

It began with news that Sanford Sigoloff, the chairman of Wickes, who has been called the Indiana Jones of the corporate jungle but prefers the title Ming the Merciless, had launched a $1.2bn bid for Collins and Aikman, a textile concern; and for the rest of the week, Wall Street has been bombarded with takeover deals and rumours of takeover deals.

Here is a sampler. E. F. Hutton, one of the weaker Wall Street brokerage firms, rebuffed a $50 a share offer from the mighty American Express Holiday Corporation, owner of the Holiday Inn chain, unveiled a $2.8bn recapitalisation plan to escape the overtures of Donald Trump, the New York real estate wizard.

Samuel Heyman's GAF Corporation sold half of its stake in Union Carbide, the subject of an unsuccessful corporate raid earlier this year, and turned his attention to another industrial heavyweight, Borg-Warner, which was already being pursued by Irwin Jacobs, the Minneapolis investor who suffers the nickname Irv the Liquidator. GAF has close to 10 per cent of Borg-Warner an dsays it might make a tender offer, which sent Borg-Warner's share soaring to $43¼ yesterday morning.

Wall Street

Ming the Merciless took a second curtain call in this week's predator's ball when Wickes announced a $1.7bn agreed bid for Lear Siegler, which has spent the past two weeks trying to escape from the corporate raiders. Sigoloff has nursed Wickes out of the bankruptcy courts and says he plans to turn Wickes into a $10bn company with "a preferred position in the American and international economies."

However, Sigoloff must take a back seat to the 43-year-old Ronald Perelman, whose activities over the past couple of weeks indicate that he must be the leading understudy for Carl Icahn, the present king of the corporate raiders, who appears to be having a little difficulty with his latest target, USX Corporation.

USX's proposed restructuring to counter Icahn's lapsed $31 a share offer has still to see the light of day, and this is making some arbitrageurs nervous. USX's shares, which had traded as high as $28¾ a few weeks ago, are now standing around $23 and thereis talk that Icahn might be looking for a way to dump his plans to restructure the industrial giant.

One of the trials of being the king of the corporate raiders is that it is more difficult to take advantage of some of the fringe benefits, of which the most profitable is "greenmail" — the process whereby the target agrees to pay a premium over the current share price, in order to persuade the raider to go away. This type of practice has come under fire from several quarters and it is no longer regarded as fitting behaviour for "establishment" corporate raiders like Icahn.

However, it appears that Perelman does not have the same sort of reputation to protect and is not adverse to persuading his targets to stand and deliver or meet their doom. His involvement with CPC International, a sprawling food products group, has come in for a lot of criticism this week by Wall Street investors. They got their fingers burned when Perelman made a quick dash for the exit after selling his stake back to the company at $88.50 a share as part of controversial share buyback scheme to "maximise value" for its shareholders. By yesterday morning, CPC shares were trading at $78.

Perelman has not wasted a second deploying his $40m profit on the CPC deal. Yesterday morning, Revlon, the cosmetics giant, which was taken over by Perelman after an earlier bitter takeover battle and is now being used as his main war chariot, unveiled a $65 a share tender offer for Gillettee, a giant in the world of razors and household products. Its shares jumped by nearly $10 to $67⅞ early yesterday morning, indicating that Perelman might be only the first of several parties interested in Gillette.

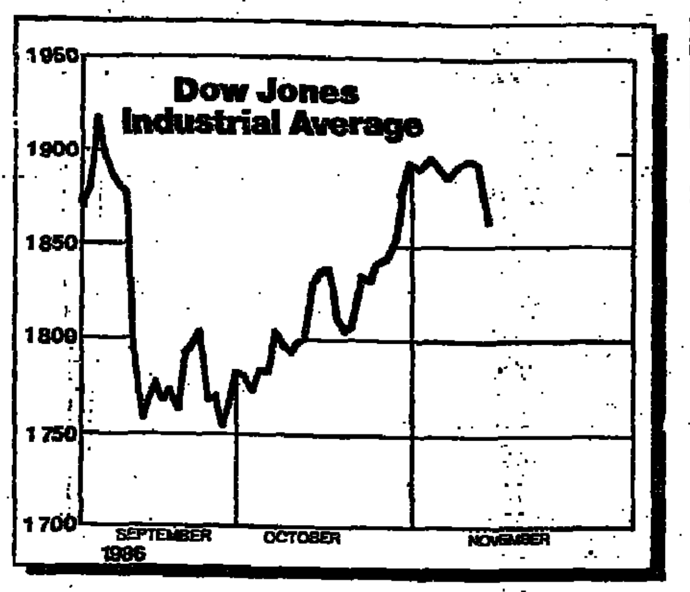
Meanwhile, another of Perelman's targets, Transworld Corporation, a veteran of earlier takeover battles (its sister company, Trans World Airlines, has already been gobbled up by Icahn) announced yesterday that it was planning to liquidate itself. The move appeared to have been spurred bythe revelation that the indefatigable Perelman had bought nearly 15 per cent of the company's stock. Transworld shares, which have been as low as $22 this year, were trading above $40 yesterday morning.

The hectic activity on the takeover front has been a powerful force underpinning the stock market over the past few weeks; and analysts fear that once the takeover fever begins to subside, which is likely to happen as the new tax rules come into force at year end, then the market will lose an important prop.

However, there should be plenty of fun forthe next few weeks as Ming the Merciless, IRV the Liquidator and Ronald Perelman (who is so new he has not yet been given a Wall Street nickname), go about their business.

MONDAY	1,892.29	+ 5.76
TUESDAY	1,895.95	+ 3.66
WEDNESDAY	1,893.70	− 2.25
THURSDAY	1,862.20	−31.50

William Hall



Happy days return

THOSE WHO feared last month that the day of reckoning was finally at hand in Tokyo's volatile stock market have been proved wrong—so far, at least.

The market has recovered very nicely from its September-October slump, during which the Nikkei index tumbled nearly 17 per cent from an all-time high of 18,936 in mid-August to 15,820 late last month. Since then, it has risen slowly but steadily, helped undoubtedly by the Bank of Japan's discount rate cut at the end of last month and the joint statement by US Secretary of the Treasury James Baker and Japanese Finance Minister Kiichi Miyazawa pledging to seek exchange rate stability.

Last Monday, the index pushed back over 17,000 and it stayed in that area for the rest of the week. Even a 30 point fall in the New York market on Thursday was unable to unsettle Tokyo yesterday, and the Nikkei index finished the week at 17,390.5.

There has been no dominant theme in the recent recovery, and only relatively modest volume of 300m to 500m shares a day compared with more than 2bn shares on a few days in August. But the recovery itself suggests that investors are still interested in the market, and have lots of money to put into it when opportunities present themselves.

In the past couple of weeks, pharaceuticals have attracted a lot of interest, partly on the strength of better than expected interim earnings just reported by the leading companies in this sector. Also, there have been reports that the Health Ministry will postpone the customary reduction of its reimbursements to drug companies next year. Takeda Chemical, for example, put on 100 yen this week to close at Y2,190.

The potential redevelopment of industrial properties in the Tokyo area has been the leading theme in the market this year because of the sharp rise in property values and the anticipated shift in emphasis of government economic policy toward domestic stimulus. But the decline of many of the most popular shares in this category in September and October seemed to indicate that investors now wanted to see more than just potential.

Even the announcement this week that a new Y1,000bn land reclamation scheme in Tokyo Bay was being considered did not move these shares. On the other hand, Japan Steel Works has become a star performer because of its decision last week to go ahead with a commercial development project for an old steelworks in the Tokyo area. The shares have jumped from Y255 two weeks ago to Y420 yesterday.

No Tokyo market is complete without a whimsical story, and this week's favourite was that old chestnut, redenomination. The idea is that the yen will be redenominated so as to remove a few of the zeroes that clutter up Japanese financial life. Such a move would, of course, be good news for the paper and printing companies, so the shares of these companies have become a focus of buying, even though there was no indication from the authorities that their opposition to redenomination was weakening.

Many analysts have difficulty making an argument for the market to continue its recovery trend. "It remains expensive and overvalued." George Nemo of stockbrokers Vickers da Costa said yesterday. Ron Napier of Salomon Brothers pointed out that the pronounced downtrend in corporate earnings means that the price earnings ratio of the market today is almost as high as it was at the August peek when it hit a breathtaking 58.

The opposing view is that the price-earnings ratio is a peculiarly poor indicator of Tokyo share values partly because of the high value of

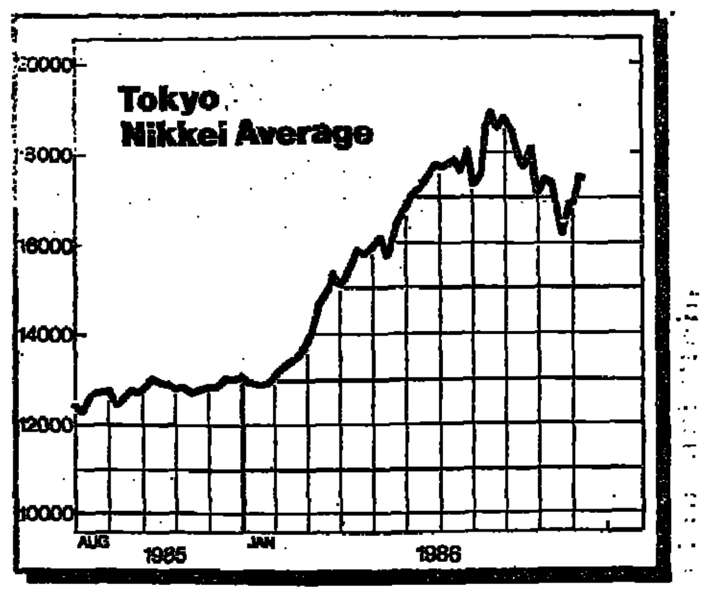
Tokyo

property held by many quoted companies and partly because many companies also have large share portfolios.

On the economic front, the slump in the manufacturing sector is putting increasing pressure on the Government to provide more stimulus. The latest discount rate cut to a postwar low of 3 per cent is not yet having much of an impact on market rates. The bellweather 10-year government bonds still yield slightly over 5.1 per cent. The focus of discussion is now shifting to the Government's tax reform plans, which include cuts in income taxes and creation of counterbalancing indirect taxes.

Some officials and economists now argue that the income tax cuts should be implemented quickly, but that the new indirect tax should be delayed, so as ao provide a stimulus to personal consumption next year. If that idea gains favour, it could shift investor attention away from shares related to infrastructure development to those in consumer products and distribution.

Ian Rodger



Trying to read the coffee cups

PRICE VOLATILITY is often quoted as one of the prerequisites of a speculators' market—it is, after all, impossible to make much money buying and selling (or selling and buying) a commodity contract unless there is a significant price movement in the interim.

If volatility is judged simply on the basis of wide day-to-day price fluctuations then the London robusta coffee futures market has recently provided a copy-book example. Over the past month daily movements of the second futures position have averaged more than £55 a tonne.

With the market seldom managing to sustain a price movement for more than a couple of days, however, a better description of the recent coffee price pattern might be "erratic"—and that is not a quality which endears a market to the speculator.

"Volatility is important," comments Giles Evans of GNI, the London commodity broker, "but you really want volatility in one direction."

Far from drawing the speculators in their hordes the seesawing performance of the coffee market this year has frightened many of them away.

An indication of this is the low level of open interest on the market (the number of contracts not matched against an opposite trade). At 126,128 lots of five tonnes the figure is well below the 200,300 lots level ruling a year ago, when the market was much less volatile but more predictable.

In the month to November 13, 1985, the average daily price movement for January delivery coffee was £33 a tonne, well below the £55 figure for the corresponding period this year. But in the 1985 period the net result was a £240 rise, whereas this year's volatile trading left the price barely changed on the month.

This week has seen a more consistent price pattern with January coffee moving down by more than £200. But even that movement was interrupted on Thursday by an £80 rally — enough to squeeze the unwary bear speculator out of the market with an embarassing loss.

Commodities

GNI's Evans and most other market operators agree that coffee is now a bear market. But he says the picture is being confused by rumours and statements coming out of Brazil, the world's biggest coffee producer, concerning its export policy. The shortage of high grade Brazilian arabica coffee which had been anticipated because of last year's protracted drought has failed to materialise, partly because of heavy Brazilian replacement purchases earlier in the year of robusta coffee on the London market which have made more arabica coffee available for export.

It is this factor which has prompted the recent price decline. But the Brazilian Coffee Institute (IBC), whether intentionally or not, has confused the situation by frequent announcements of changes in export policy.

Having announced a week ago that it had closed November export registrations and opened registrations for 2m bags (60 kilos each) for December the IBC apparently changed its mind on Wednesday and halved the December allotment. At the same time it stated that it planned immediate shipment back to Brazil of the robusta coffee it had bought in London. Both statements were received by London traders with some scepticism and had little lasting impact on prices.

Opting for discretion rather than valour, however, operators have not rushed to sell the coffee market short, preferring to await further pronouncements from Rio de Janeiro and today's Brazilian election, which many believe will be followed by a substantial devaluation of the national currency and the replacement of Paulo Graciano as IBC president.

The impact of Brazil's stated intention to ship home robusta coffee and the better than expected supply of arabica (discounting the IBC's latest cut in export registrations) has been felt chiefly in the New York market, which trades an arabica contract. In contrast with London's see-saw pattern the New York second position price has fallen by 20 cents over the past month to about 160 cents a lb.

The objective appears to be the 145 cents level at which the reimposition of International Coffee Agreement export quotas would be triggered, according to Evans. "We have a bear market," he says. "Supply of arabica is not tight, as had been expected, and, following better rains in Brazil next years crop could be up to 25m-29m bags against 11.2m for this year. But you have to be very cautious, the price could go up 20 cents again before it goes down."

Richard Mooney

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.00	5.12	3.96	2.88	monthly	1	—	0-7
High interest cheque	7.70	7.93	6.14	4.46	quarterly	1	2,500 minimum	0
Three-month term	7.50	7.71	5.97	4.34	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	6.00	6.09	4.72	3.43	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.25	8.25	6.39	4.65	yearly	1	5,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.93	5.04	half yearly	1	500-24,999	90
90-day	9.00	9.20	7.13	5.18	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.75	8.34	6.46	4.70	yearly	2	5-100,000	30
Income bonds	11.25	8.41	6.52	4.74	monthly	2	2,000-100,000	90
32nd issue‡	8.75	8.75	8.75	8.75	not applicable	3	25-5,000	8
Yearly plan	8.84	8.84	8.84	8.84	not applicable	3	20-200/month	14
General extension	8.70	8.70	8.70	8.70	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.71	7.86	6.09	4.43	half yearly	1	2,500 minimum	0
Schroder Wagg	6.91	7.13	5.53	4.02	monthly	1	2,500 minimum	0
Provincial Trust	8.22	8.54	6.62	4.81	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	10.56	8.27	7.01	5.82	half yearly	4	—	0
10pc Treasury 1990	11.35	8.57	6.73	5.19	half yearly	4	—	0
10.25pc Exchequer 1995	11.41	8.31	6.61	5.01	half yearly	4	—	0
3pc Treasury 1987	8.60	7.70	7.21	6.75	half yearly	4	—	0
3pc Treasury 1989	8.63	7.69	7.17	6.68	half yearly	4	—	0
Index-linked 1990¶	8.17	7.56	7.23	6.92	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Waiting for Chander Singh

CHANDER SINGH'S dream of a chain of 20 high street "share shops" came to what looked like an abrupt end eight days ago when Government officials swooped and shut down his outlets in London's Finchley Road and New Bond Street.

Judging from the cries for help that began reaching the FT last Monday morning, many of his former customers are anxious and confused about what happens next. They want to know whether they are going to lose money because City Investment Centres, the company which ran the two shops, is unable to meet its commitments.

A typical caller to the FT was a man who in September paid £2,690 to dealers at the Finchley Road shop to buy 1,500 shares in a British company. He still has not seen the share certificates. Now that the Department of Trade and Industry has petitioned for CIC to be wound up, he is worried that he might never get his shares—or his money back.

"I feel just a little bit sick," he said. "I'm just hoping that somewhere along the line the shares were registered."

In fact, CIC's directors (listed as Edward Dunn and Lord Peter Broadbridge on the company's notepaper) issued a cryptic press release earlier this week. It said that Singh intended to cover all agreed client commitments on CIC's books. And the experience of one FT employee suggests that some of CIC's recent customers should have no problem. She received through the post on Thursday certificates for 50 Boots shares purchased last month via CIC.

But the final resolution of the CIC affair will depend on the outcome of inquiries now under way by the DTI's Official Receiver and his specially appointed troubleshooter, Bill Ratford, of Peat Marwick, the accountancy firm.

The DTI's action over CIC was prompted by mounting complaints from investors about late delivery of share certificates, and signs that the company was in financial trouble. Its first move was to appoint the Official Receiver as CIC's provisional liquidator. He is charged with safeguarding CIC's assets until the High Court considers the winding-up petition on December 15.

Ratford was called in this week as the Receiver's "special manager." This is in line with the common practice of asking a private sector firm to carry out the leg-work of preparing a "statement of affairs."

A team of five people from Peat Marwick has been busy doing just that this week, with the co-operation of CIC's directors, according to Ratford.

He is now asking CIC customers to write to him as soon as possible, if they think they can claim to be creditors of the company. Once they have done this, they will be on the Receiver's mailing list.

With their letter to Ratford, claimants should enclose short details of their claim, and photocopies (not the originals) of correspondence they have had with CIC (including contract notes issued by the company).

Ratford will then acknowledge their letters, before sending out a more detailed reply telling each customer where he or she stands legally. For this, Ratford will need legal advice which he is currently obtaining from solicitors.

The point here is that under insolvency law some creditors might have a prior claim on CIC's assets. Hypothetically, CIC's creditors could fall into a dozen different categories, depending on the nature of the type of relationship they had to the company—and some of the categories would be entitled to earlier payment than others.

Legally, each creditor can challenge the categorisation of his claim if he wants to. But Ratford advises CIC's former customers not to rush to spend money on consulting a solicitor yet—at least until they have received the letter spelling out their status.

Now, it remains possible that CIC will survive the December 15 court hearing—if, say, a new backer arrives with an offer of a cash injection. But assuming that that does not happen, and that the winding-up order is confirmed, the Official Receiver will notify claimants of a creditors' meeting.

The creditors can then elect their own liquidator (a job for which Ratford would be one candidate) to supervise a pay-out from CIC's assets. They will also be sent a "proof of debt form" to establish their claim.

Ironically, though, CIC's creditors are unlikely to see much of Chander Singh at their meetings. Not being a director of CIC, he has no technical reason to be present.

** W. S. Ratford, Peat Marwick, 1 Puddle Dock Road, Blackfriars, London, EC4.*

Nick Bunker

The Pru goes ahead at the double

AFTER A few weeks of active trading on the futures market, Prudential Portfolio Managers has streaked ahead of the rest of the field in the Great Investment Race to double the value of its original portfolio to around £77,000 in the six weeks since the off.

Six teams of top fund managers are competing to see which can make the most money for charity by managing investment portfolios worth £35,000—donated by the Prudential Unit Trust Maangers—for a year. At the end, profits made by the teams will be donated to charity by the race organisers, Charity Projects.

The Japanese securities house Nomura, and the unit trust group Fidelity, are jostling for second behind the Pru with respective portfolios of £47,717 and £45,117. The other teams hafe all watched the values of their portfolios fall: Hoare Govett and L. Messel because of unlucky investments, and Scottish broker Bell Lawrie because of its cautious approach.

Bell Lawrie quickly established a stable portfolio of gilts and a Far Eastern investment trust. It then added shares in Boots, where it harbours high hopes for a takeover bid, and more recently in Ultramar, the independent oil company in which New Zealand entrepreneur Ron Brierley and the Rainbow Corporation have acquired strategic stakes.

By contrast Fidelity favours an opportunistic approach and has fared well in the opening weeks of the Race by dabbling weeks of the race by dabbling in the Tokyo stock market. In the past week Fidelity has made £8,800 by trading in two Japanese stocks — Kamei and Sumitomo Electric — it has retained a stake in Taiyo Kagaku and is holding the bulk of its portfolio, £42,705, in cash until the next opportunity arises.

Hoare Govett, which floundered in the first few weeks of the race, has recovered some lost ground by trading on the London stock market. It has flirted with new issues through two USM placings, the Blenheim Exhibition Group and the snooker equipment manufacturer, BCE Holdings. Hoare Govett has already profited from selling part of its Blenheim stake and its shares in Anglo-Eastern Plantations.

Messel, like Fidelity, proposes to be as opportunistic as possible, by building up holdings in a number of active stocks. Some of these investments have been successful; others, like its stake in the insurance brokers, C. E. Heath, have not.

Like rather a lot of other people in the City, we expected a rather more generous bid to emerge for C. E. Heath," says David Hunter, Messel's managing director. "When Fielding's terms were lower than expected, we sold, unfortunately at a loss of £1,100."

Messel is now attempting to recover lost ground with investments in the house builder and contractor, C. H. Beazer Holdings—where the shares have been depressed by the lack-lustre response to its recent rights issue — and in Resorts International, the US casino and property group which is currently the subject of a colourful bid battle.

Nomura has restricted its activities to home territory, the Tokyo stock market, where it has benefited from both the market's volatility and the favourable yen/sterling exchange rate. Nomura has traded artively in Japanese blue chips, such as Tokyo Gas and Kawasaki Steel, to emerge with a substantial stake in the retailing group, Taka-Q, and almost £20,000 in cash.

Meanwhile the Prudential has gone from strength to strength. The Pru's team was losing money in the London equity futures market a few weeks ago when it was caught unawares by the increase in interest rates, but the market has since recovered and the Pru has pocketed profits of £10,150.

"We play the market day by day," says Trevor Pullen, director of UK equities. "By buying in the morning and selling in the afternoon we overcome the risk of overnight changes."

The Pru has also ventured into the Japanese markets, where it is advised by the securities house, Daiwa. In the last fortnight it has made £2,108 from investment in Japanese warrants, and has bought shares in Sumitomo Electric and Taka-Q.

"From now onwards we may well relax a little and adopt a longer term approach to our investments," says Pullen. "So far we have been lucky, but you can not expect to stay lucky for very long in this game."

Alice Rawsthorne

Faith is going for broker

ADAM FAITH to join the Stock Exchange? This improbable event seems likely to take place early next month when the pop singer turned actor and businessman sets up his own financial advisory company under the wing of City stockbroker Quilter Goodison.

His aim is to become Britain's specialist in advising celebrities in how to manage the huge, but often temporary, wealth that can come to them overnight. He already has several clients in show business and sport lined up. "I'd love to be able to tell you who they are," he says.

Young celebrities have a poor view of the stuffy City of London. This was not helped by the scandal a few years back of the crash of the financial advisers Norton Warburg, carrying off a large slice of the investments of the Pink Floyd pop group.

Adam Faith

However, from his Knightsbridge office the engaging and persuasive Faith will try to build bridges. "The City has always found it difficult to comprehend how anybody can earn a million dollars a year and have absolutely no knowledge of finance in any shape or form," he says. "Traditional financial advice and show business are parts of different worlds. We are trying to bridge the gap between jeans and pinstripes."

Adam Faith can draw on his own experiences. He was a £12-a-week assistant film editor, cutting the Invisible Man TV series, when he was catapulted at the age of 19 into the £1,000-a-week world of the chart topper. That was in 1959; and in 1960, his first full year as a pop idol, he pulled in £98,000. In terms of today's money, he became an almost instant millionaire.

Unlike many other more feckless pop stars, Faith proved a shrewd money manager. From childhood, he had wanted to be rich. Curiously enough, his first number one hit was called "What do you want if you don't want money?"

He will bring to the new company not just his own experience but also a wide circle of showbiz friends and connections— and he will have the crucial advantage of being able to talk their language.

He will be telling his clients not only how to save money but how to spend it. "There will be a different set of rules for every person," says Faith. "We have to find out what their lifestyle is, where they want to go, and then devise a plan with them for how to go about it sensibly.

"With show business people, it's a delicate balance between spending money for the sake of it and spending money because they need to. People in show business are in the public eye. They need to be seen to be successful to give confidence to other people to give them work. It's just like any other company would go out and spend money on PR."

Faith sees his job as adding some business logic to the creative life of showbiz and sports celebrities, without stifling the very creativity that needs to re-express itself to keep the business regenerating.

"My aim is to provide the advice that makes entertainment and sports celebrities tick as business animals," he says.

The new company, to be called Faith Ltd, will start out as a subsidiary of Quilter Goodison and will be regulated through the Stock Exchange, although Faith will retain options to buy a majority of the equity in due course.

He is working in partnership with Paul Killik, head of Quilter's private client department. Killik is looking forward to moving into this kind of business, although he recognises it is unusual for a relatively staid institution like Quilter's to become involved with a celebrity clientele.

Killik sees the time as being ripe because, after a few years of a less severe income tax regime, very large earners are no longer so inclined to move offshore as they were in the 1970s.

The new company will have four main activities. It will handle the day-to-day administration of clients' financial affairs. It will advise on the management of income (although accountancy and tax advice will be passed on to specialists). It will handle asset allocation in areas like equities, property, and involvement in Lloyd's syndicates.

And, last, it hopes to build up pay corporate finance side developing deals for clients such as those in video or record companies.

The other weekend, Adam Faith watched the BBC2 re-run of his *Face-to-Face* confrontation in 1959 with John Freeman, part of the BBC's celebration of 50 years of television. From a personal point of view, he found it painful. As a businessman, though, he thought it was a splendid free commercial.

He says: "Amazingly enough, I was talking about money then, and it was consistent with what I'm saying now."

Barry Riley

Easy terms . . .

ROYAL HERITAGE, part of the Royal Insurance group, believes it has found a useful gap in the inheritance tax legislation, introduced in this year's Budget. It is based on the fact that settlement of inheritance tax on an estate can be made in annual instalments over a period of 10 years on certain assets. These include primarily business assets, such as shares and securities as well as land and buildings, commercially owned by someone like a farmer or a private landlord.

In these circumstances it makes sense to also phase any insurance cover you might have taken against inheritance tax liability over a 10-year period, since the longer period of payment means that you can get reduced premiums on the policy providing life cover. In addition the deferment of payments into 10 annual instalments could well mean that the recipient might not be subject to the same personal tax liability as might be incurred by taking the full lump sum and then investing the money to produce the required income.

According to Royal Heritage taking advantage of the 10-year concession can significantly reduce the cost of insurance to cover potential inheritance tax liability.

John Edwards

Christine Stopp reports on the union between Britannia and MIM—and what it means for investors

A marriage of true minds

AFTER A period of considerable drama for both groups, MIM and Britannia have taken refuge in each other's arms. They hope to produce a union which will unite MIM's reputation for investment performance with Britannia's marketing ability and wide range of products and services.

Britannia was haunted at the begining of the year by the hostile bid from Guinness Peat, which was foiled by Robert Maxwell and David Stevens. Apart from being chairman of United Newspapers, Stevens is also head of MIM.

In March it was agreed that Britannia should buy MIM, which was dwarfed by Britannia in the unit trust market (£100m compared with £700m under management), although not in terms of total funds under management (£3.3bn to Britannia's £1.4bn). MIM is big in the pension fund management business.

In the unit trust market in its own right only since 1984, MIM has been working hard to build up funds under management, helped by an increasingly impressive performance record, particularly in the Far East. MIM Japan Performance was the third best performer in the industry over the year to June.

Britannia, long one of the industry giants, actually had a net reduction in funds under management during 1985; its relatively poor performance record was increasingly the subject of comment. Rarely seen among the industry top performers, funds like Universal Energy, Gold and General and Commodity Shares were all too often among the bottom performers.

Nor can the Britannia performance record be explained away as inevitable, given a list of highly specialised funds. In an OPAL survey which ranks groups with more than four trusts in terms of average performance over all funds managed, the merged MIM-Britannia comes out 58th out of 72 over a year; 33rd out of 37 over five years (figures to October 31, offer to offer).

The table gives performance against sector average and sector ranking for 13 of MIM Britannia's 32 funds. Those asterisked are mergers between former MIM and Britannia trusts. The longer term figures show cases where performance has been indifferent throughout (Income and Growth, International Growth), and where it has been good in past years but has recently declined (Smaller Companies, American Growth).

Japan performance has had a sparkling record throughout: any boost from the MIM trust only applies to the one-year figures, since this trust was only launched in April 1984.

As a Stevens appointee and MIM Japan wizard, Nicholas Johnson, the managing director, personifies the fact that the MIM style has become dominant within the group. There are now more than 50 fund managers — Britannia's 15 or so joined by the much larger MIM team.

Johnson describes the MIM approach as "tightly organised." With so many managers looking after a large number of diverse portfolios, frequent communication and teamwork are emphasised through regular meetings.

Meetings for asset allocation are weekly; monthly for global investment policy; and daily for the UK and other specialist investment teams. The MIM team is young, and though each fund has a named manager, importance is given to input from team members. Nicholas Johnson says: "I believe we can transfer our investment record."

There should be no prejudice to MIM unitholders in merged funds because, he says, most of the cost of restructuring portfolios was felt before the merger dates.

Nobody within the group pretends that the merger has taken place without some ruffling of egos, but both parties now seem to be pulling together positively. Indeed, there is some pride in their three-month dash to merge funds and put together a new corporate image. Johnson defends the Britannia performance record ("Not as bad as some have made out"), and points to the unsettled climate in the group until recently. He himself is the third managing director since the beginning of the year.

Marketing head Keith Crowley (ex-Britannia) points out that the withdrawal of Trident Life's funds from Britannia management in 1985 was a big factor in causing the net loss of funds over the year. He confirms that business is "100 per cent up on last year."

If MIM's strengths are on the investment side, Britannia offers the smaller unit trust group an all-embracing range of funds to slot into. Crowley says: "I think we are the only group to offer broad and smaller companies funds in all the main markets."

This means that the group can cater equally well for the first-time as well as the sophisticated investor, with some funds seen more as long-term, others as short-term holdings: "We sold a lot of Hong Kong last month. We've repurchased a lot in the last few days. Funds like this are seen as trading vehicles."

With such a range on offer, MIM Britannia has no current plans for new products, though Crowley reckons they will be "going for PEPs."

Nicholas Johnson . . . "tightly organised."

MIM BRITANNIA

Performance of selected funds to 31.10.86
Offer to bid, income reinvested
1—% growth 2—sector average 3—sector ranking/no in sector

	1 year 1	1 year 2	1 year 3	3 years 1	3 years 2	3 years 3	5 years 1	5 years 2	5 years 3
UK Growth	5.8	20.4	115/124						
Smaller Companies	4.7	20.4	116/124	55.8	86.7	78/92	243.5	193.0	11/70
UK Market Features*	54.6	20.4	3/124						
Income & Growth	14.5	21.2	91/101	108.5	109.1	43/75	233.7	240.7	37/64
International Growth	23.1	31.6	65/95	48.5	62.6	52/74	73.7	160.3	49/54
American Growth	22.9	22.2	42/92	53.2	31.5	11/61	120.0	112.5	18/39
US Smaller Companies*	28.2	22.2	18/92						
US Income*	15.1	26.9	18/21						
Japan Performance*	94.8	61.7	3/50	147.2	124.4	7/26	311.1	277.4	3/13
Japan Smaller Companies	52.8	61.7	34/50	56.4	124.4	26/26			
European Performance*	66.0	63.3	18/44						
European Smaller Companies	53.8	63.3	34/44						
Gold*	42.0	15.2	3/31						

* = mergers with former MIM funds

Source: OPAL

Lucy Kellaway talks to the City about British Gas

The experts agree . . . to disagree

WOULD a price of *130p* for British Gas shares amount to giving the shares away? Or would a much higher price risk a frosty reception? The City does not agree on the *answer*. Neither is it of one mind about the likely number of prospective shareholders — anything from 3m to 10m Nor is there agreement on whether the Government can now relax in *the knowledge* that there is nothing which could happen to ruin the issue.

Most of the City's oil and gas brains have given their ideas *freely, although* those from James Capel, Wood Mackenzie, Kleinwort Grieveson and Hoare Govett were restricted in what they could say because they act as advisors to either the company or to the Government.

Stephen Clapham, Hoare Govett (brokers to British Gas)

REASONS TO BUY
—Will offer a good high yield as well as vouchers giving money off gas bills
—Well managed business: impressive to be forecasting higher profits in a year of great oil price volatility
REASONS TO SHUN
—Profits unduly affected by the weather
—No longer has any oil assets
GENERAL COMMENTS
"An excellent long term investment"
SMALL SHAREHOLDERS: 6m-8m
SPANNER IN THE WORKS?
Does not believe there is one.

Michael Unsworth, Smith New Court Agency

PRICE 130p
REASONS TO BUY
—Strong cash flow
—Stable profits
—Sir Denis Rooke—he has built an efficient management team, good at controlling costs
REASONS TO SHUN
—Sir Denis Rooke—"intolerant of anyone who doesn't work for British Gas, and that includes *shareholders*"
—Slow growing "at best," with growth hard to come by either in UK energy sector, or through diversification
—*Management overly focused* on core activity of selling gas
GENERAL COMMENTS
"The big imponderable is what will happen once the razmatazz is over, and there is a cold assessment of British Gas' *long term prospects.*"
SPANNER IN THE WORKS?
If Labour suddenly looks likely to win the next election; or if the Government is too mean on *pricing.*

David Gray, James Capel (brokers to the Government)

REASONS TO BUY
—Financially strong, good balance sheet, even with £2.5bn debt
—*Powerful* market position, with scope for growth in most profitable sector, ie domestic market
—Regulatory system which *allows it to behave as a commercial company*
GENERAL COMMENT
"Level of response in UK is very encouraging. It is genuinely seen as attractive overseas."

Elizabeth Butler, Alexanders *Laing & Cruickshank*

PRICE 140p
GOOD POINTS
—Prospect of steady profits to 1990 and beyond (assuming no interference from the Government)
—Good protection against swings in oil prices in comparison to the rest of the oil and gas sector
BAD POINTS
—The Government might interfere with the formula for setting retail prices, and this could damage profits.
—Limited room for diversification due to overwhelming dependence on core business.
SMALL SHAREHOLDERS 3m
GENERAL COMMENTS
130p would be a "fair price" and leave *room for* a small profit. "But I fear the price will be nearer 150p if we let the Government feel they can get away with it."
SPANNER IN THE WORKS?
OPEC crumbles, leading to a run on the pound and interest rise by 2 per cent.

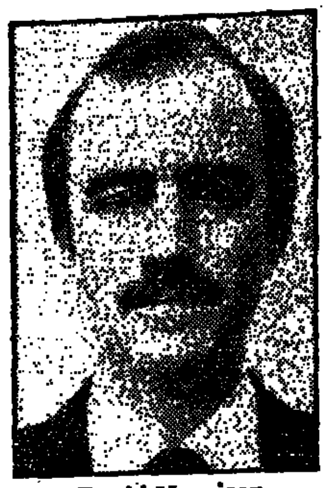
Elizabeth Butler

***John Thompson* Fielding Newson-Smith**

PRICE 150p
GOOD POINTS
—Stock is partly-paid, giving good yield in short-term
—Anti-cyclical to the oil sector
—*generates* lots of cash
BAD POINTS
—Management unproven on anything other than core business
—Too dependent on UK economy
—Settlements systems could seize up as a result of enormous number of small shareholders.
SMALL SHAREHOLDERS
GENERAL POINTS
—We have no clear idea about how British Gas will *behave* with all its cash in the private sector—whether it will be extrovert or introvert . . ."
SPANNER IN THE WORKS?
If Opec falls apart at the December meeting, or if a major US oil company fails.

David Morrison, Wood Mackenzie (brokers to the Government)

GOOD POINTS:
—Maintained profits in a difficult year
—Good risk/return balance: business risk is low, yield is high
—Next year profits likely to be boosted as lower gas purchase costs feed through
QUESTION MARKS
—What happens when Rooke resigns?
—Where is the gas going to come from into the next century, and what is it going to cost?
GENERAL
"Assuming that nothing changes between now and then, it looks as if we will have a success.



David Morrison

Paul Spedding, Kleinwort Grieveson (advisors to the company)

GOOD POINTS
—*High yield*
—Domestic sector to go on producing profits in long-term
—Shares likely to be very popular with general public
BAD POINTS
—Not the world's greatest growth company
GENERAL
—"Many people do not realise how stable the company is. The regulatory structure actually protects it from volatility."

Paul Spedding

Richard Saville, Morgan Grenfell Securities

PRICE 140p
GOOD POINTS
—Shares are already oversold, so demand is certain to outstrip supply
—*Good quality of earnings*
—Shares in partly-paid form
BAD POINTS
—Demand for gas is growing slowly
—Traditional management style
—Advertising of the issue has been "reduced to the level of selling soap coupons."
SMALL SHAREHOLDERS: 7m
GENERAL
—About 30 per cent of the issue will go to the UK institutions, and because of the heavy weighting of British Gas in the index, they will be forced to buy shares in the market.

Brian McBeth, Schroder Securities

PRICE 130p
GOOD POINTS
—Decent yield
—Attractive to private investors because of the vouchers
—Healthy cashflow
BAD POINTS
—Growth prospects limited
—A better yield may be available elsewhere in oil sector (BP, Shell), while index-linked gilts also offer better value.
—Management needs to prove its skill at diversifying.
SMALL SHAREHOLDERS: 9m-10m
SPANNER IN THE WORKS?
—"It is just not going to be a flop."

Jack Jones, Phillips & Drew

PRICE 130p
GOOD POINTS
—Outstanding earnings and dividend growth over next two-three years
—A premium of 20 to 30 per cent on the partly-paid shares can be expected as institutions will be left short of stock.
BAD POINTS
—The management does not have shareholders' interests at heart
—From 1990s domestic gas *demand* will fall
—From 1995 there will be a shortage of UK gas supplies
SMALL SHAREHOLDERS: 10m

Jack Jones

CHESS

THE 27TH chess olympiad, the biennial world team championship, starts today at the International Trade Centre in Dubai. This impressive event, the first major competition staged on Arabic soil, has been marred by refusal of visas for an Israeli team. This led to a sympathetic boycott from several countries and individual players. Some Scandinavian nations, participants in all previous olympiads since 1927, have stayed away this time.

There remains a representative entry from the strongest chess countries headed by the USSR, which has won the Hamilton-Russell Cup 15 times in 16 attempts. Other major contenders are Hungary, the US, Yugoslavia and England, which was a silver *medallist* in 1984. The Americans agonised long before deciding to play. They have declared that they will withdraw in mid-tournament if the *International Chess* Federation (FIDE) congress fails to tighten its statutes to ensure that all affiliated members can take part in future.

Duncan Lawrie, the merchant bank, whose support for the England team over the past decade has contributed significantly to our dramatic rise in world standing is sponsor again. David Anderton, the England captain, says his target is to maintain the silver medal position established at Salonica in 1984.

With Miles, Nunn, Short, Chandler, Speelman and Flear, England have a formidable line-up. Nigel Short on board three is currently ranked number nine in the world, while Glenn Flear, second reserve, won the GLC grandmaster tournament earlier this year.

The Russians, headed by Kasparov and Karpov, look sure to take the gold medals. The electoral battle at the FIDE congress between its controversial Filipino president, Florencio Campomanes, and the rival Anglo-Brazilian ticket, Lucena and Keene, could go either way. If Lucena-Keene win, FIDE headquarters will move to London Docklands. *Voting should be close*; the Eastern bloc is likely to hold the balance.

Soviet strength in depth was emphasised at the latest GM *tournament in Tilburg*, Netherlands. Karpov, subdued after his match defeat, drew most of his games, but Belyavsky, his fellow Russian, won first prize. *At the other end of the tournament*, Viktor Korchnoi lost his last five games in succession: Belyavsky 8½-14, Ljubojevic 8, Karpov 7½, Miles, Portisch and Timman 7, Hubner 6½, Korchnoi 4½. In the top vs bottom match Korchnoi had one of the quickest defeats of his career.

White: L. Ljubojevic. Black: V. Korchnoi.

French Defence (Interpolis, Tilburg 1986).

1 P-K4, P-K3; 2 P-Q4, P-Q4; 3 N-QB3, B-N5; 4 P-QR3, BxN ch; 5 PxB, PxP; 6 Q-N4, N-KB3; 7 QxNP, R-N1; 8 Q-R6, QN-Q2; 9 N-R3!? P-B4; 10 B-K2, Q-R4?

White has chosen a sharp tactical plan, with N-R3 instead of the usual N-K2-N3. Korchnoi underestimates the dangers of a combined attack from White's queen and knight: 10...R-N3 is necessary.

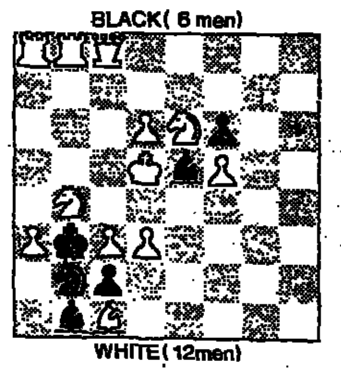
11 B-Q2, RxP; 12 N-N5, PxP; 13 Q-N7 (threat QxP ch and NxP mate), RxN; 14 QxR, QxQ; 15 BxQ, PxP; 16 0-0-0, P-QB3; 17 KR-N1, P-QN4; 18 R-N3!

On a pawn head-count Black is not so badly off, but White cleverly infiltrates his rook before Korchnoi can develop the Q-side.

18...N-Q4; 19 R-R3, P-B3; 20 B-R3, NxB; 21 PxN, N-B1; 22 B-R5 ch, K-K2; 23 R-N3, B-Q2; 24 R-N7 ch, Resigns. If K-Q1; 25 R-B7 wins more material.

PROBLEM No 646

BLACK (6 men)



WHITE (12men)

White (playing as usual up the board) mates in two moves against any defence (by A. Chepishny).

Reminiscent of a Sam Lloyd classic, this problem won top prize in a Russian tournament. The key move looks irrelevant, and there are several near-misses.

Solution on Page XIX

Leonard Barden

FINANCE & THE FAMILY

Laura Raum on the drive against dubious investment firms

Dutch purge securities market

AMSTERDAM was once dubbed the "slum of the international securities world" because of the flock of dubious investment firms that set up shop there, drawn by the Netherlands' tolerant business climate. But the Dutch are finally managing to crack down on these peddlers of questionable securities after years of stumbling efforts.

During the past month, about a dozen share-dealing firms have been declared bankrupt "in the public interest" by the Amsterdam public prosecutor, and nearly two dozen have been denied new brokerage licences by the Ministry of Finance. Shiny brass nameplates have been stripped from posh offices and telephone plugs have been pulled with no forwarding numbers.

Court-appointed receivers are trying to unravel the maze of secret bank accounts often used to stash money from worthless securities and steep commissions, hoping to return some of it to duped investors.

Often called "boiler rooms" because of their original location in sleazy areas, these investment companies are believed to have swindled investors out of as much as $1bn over the past five or six years. The Netherlands' lax regulation of securities trading has enabled slick salesmen to peddle paper to thousands of investors around the world.

Glossy newsletters followed by aggressive phone calls convinced many investors that the securities were valuable but the proceeds often went to line the pockets of salesmen and owners, several of whom are convicted fraudsters. Huge "spreads" between buy and sell prices often discouraged investors from disposing of their shares bought at inflated levels.

Since last May, Dutch authorities have stepped up their efforts to root out these "boiler rooms," armed with mounting complaints from disgruntled investors and documents seized in police raids. On July 1, a new securities-trading law took effect that requires all brokers who are not members of a recognised stock Exchange to get a licence from the Finance Ministry. A credible prospectus also is required for securities not listed on a recognised bourse.

Among the better-known firms to have been declared bankrupt is Financial Planning Services (FPS) and an offshoot called Capital Venture Consultants (CVC). A co-owner of FPS and CVC was David Winchell, a Canadian financier who was fined by the Ontario Securities Commission for fraudulent share dealings in 1976. One of the shares peddled by FPS and CVC was Federal Ventures, formerly known as Portinax, which was involved in off-beat products such as a liquid coffee concentrate.

In the past couple of years Rodrick Casander, an Amsterdam attorney, has taken on about 150 clients who claim to have been swindled by various companies, including FPS and CVC. He has been appointed receiver in several of the bankruptcies because of his familiarity with "boiler room" tactics. Among his receiverships are FPS and CVC, which had accumulated the names of between 6,000 and 10,000 potential investors, typed neatly on file cards and kept in banks of cabinets.

For Casander and other bankruptcy receivers, however, a major problem is getting their hands on funds abroad, where most of the money seems to have gone—often in offshore bank accounts. The Channel Islands, Bahamas, Netherlands Antilles, Cayman Islands and Switzerland were favourite places.


Alex Herbage ... US wants him extradited

Trier Investments of Amsterdam, for example, was one of a myriad of companies owned by Alex Herbage of Britain who has been charged in both the UK and US with defrauding around 2,800 investors worldwide of around $70m. The Dutch receiver for Trier Investments, which was declared bankrupt in Amsterdam nearly two years ago, has recovered only Fl450,000 and has run into lawsuits by private investors.

Some of the money might go to Britain, where Herbage and his companies also have been declared bankrupt. The British receiver for Herbage's affairs expects the matter to drag on for a long time, more so because the US has requested his extradition.

Casander hopes to recover Fl 500,000 from FPS and CVC and much more, perhaps Fl 8m, in the bankruptcy of Barnet Altwerger, another Canadian businessman who was convicted three times for fraud and gaming in his home country. B.A. Investment Advisory Services, one of Altwerger's companies, was refused a brokerage licence by the Finance Ministry and, like the other business fronts, has been declared bankrupt. It apparently was dealing in a company called Commercial Industries Minerals in which the Ontario Securities Commission had halted trading, according to John Leybourne of the commission.

Many of the operators whose applications for licences have been refused appear to have packed their bags and left town, but six are battling to stay by appealing against the Finance Ministry's refusal. The largest and best known is First Commerce Securities, a company that has been associated with Irving Kott, a Canadian financier convicted in 1976 of investor fraud. First Commerce was one of the operations raided by Amsterdam police last May.

One of First Commerce's most aggressively pushed shares was Devoe-Holbein, a Netherlands Antilles-based concern founded in 1983 to commercially exploit a metal recovery process invented by two Canadian professors. Annual reports for 1984 and 1985 were published only in June 1986 showing losses of Fl 3m.

Casander doubts that the firms appealing for a brokerage licence will get one but he notes that they can go elsewhere to continue their business. Moreover, sceptics wonder if the Dutch Government has the expertise and vigilance to keep out "boiler room" operations once they have been ousted.

What lawyers and law enforcement officials agree on is that more international co-operation is needed to crack down on hydra-like outfits that sprout a new name or storefront when felled by the law.

Balanced living at home

JUST AS all trading companies produce an annual balance sheet and report you may try adopting a similar discipline to your own personal finances. Reviewing your assets and liabilities can help you to judge in which areas you need to economise and where extra effort is most likely to bring rewards.

Valuing your assets for this purpose should present no problem. The approximate market value of your home and any other property can be ascertained by studying the price of similar properties in your local estate agents and in the local press. Alternatively, an estate agent will usually give you a free valuation provided you promise to use his services if you decide to sell at any time.

List all items of reasonable value; cars, furniture, works of art, jewellery, but before you ask a dealer to value anything enquire the cost. Many dealers are happy to give you a free verbal valuation, but charge for a written one. You want the sale value not the insurance value.

Assess the current values of your savings and investments; the cash value of your insurance polices can be obtained from your brokers or direct from the relative companies.

Now turn to the liabilities side. Begin with your mortgage and any other loans, followed by any substantial bills outstanding. By deducting the total of your liabilities from the assets you can discover your net worth.

Make a note of contingency items such as insurance policies which only have a value in the event of accident, death, etc.

You now have all the information to enable you to decide where you must place your financial priorities. Put these ideas down on paper in the form of an annual report—the very act of writing concentrates the mind.

● Should you extend or make some improvements to your home? If so would it increase its value by more than the cost of the work? Perhaps you should sell and move to a smaller—or bigger—house?

● Are any other properties you own a good investment? Should you develop them?

● Is it the right time to sell any of your personal property such as the boat you have not used for over a year? Are you spending too much on transport? Should you get a smaller car?

● Review all your savings and investments. Have you sufficient liquid funds to meet foreseeable expenses?

● Have you sufficient insurance cover? Should you top-up your pension?

● On the liabilities side are you borrowing too much or not enough, bearing in mind the current tax situation? Would it be an advantage to amalgamate some of your small debts into one loan at a lower rate of interest?

Look to the future. When will you need to buy a new car? Have you set up a sinking fund for this purpose? How about your children's education, future additions to your family, planning for your retirement?

You can be really businesslike and set yourself some targets. But bear in mind the intangibles — your health, the time available for extra commitments and the effect on your family of future plans.

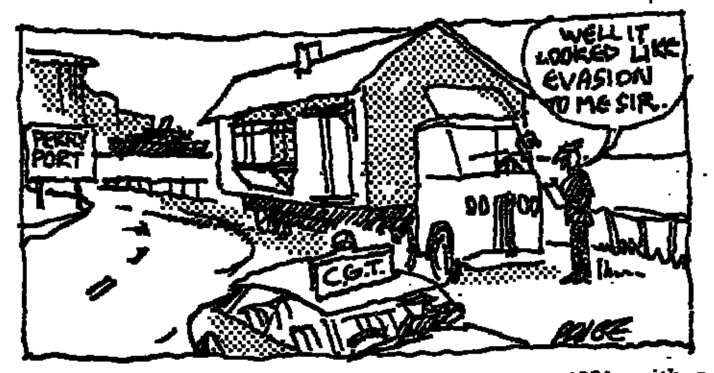
Remember to allow for inflation. For example, if your net worth has increased by 5 per cent over the year and the current rate of inflation is also 5 per cent, you are no wealthier in real terms.

Harold Baldwin

· FINANCE & THE FAMILY ·

Donald Elkin looks at the finer points of CGT rules covering husbands and wives

How couples can make tax bills lighter



EVERY expatriate is aware of the need to realise substantial investment profits before returning home. For although non-residents are entirely exempt from Capital Gains Tax, profits built up while they are overseas become fully taxable if realised after residence in Britain has been resumed. Happily, the remedy for this seemingly inequitable treatment is, in most cases, equally familiar.

If your investments have achieved substantial gains, you should either sell or "bed and breakfast" them before returning to Britain. Provided that you have been non resident for 36 months or more, you can do so right up to the day before you return. Otherwise, action is necessary in the preceding tax year if liability is to be avoided.

So much is obvious. But if you wish to retain properties (and, for example, shares in private companies) particular problems arise. Since there is no equivalent market to that for quoted securities, they cannot be "bed and breakfasted" with the result that it is difficult to eliminate capital gains before your period of non residence ends.

Of course, your principal private residence causes no difficulty since it is exempt from Capital Gains Tax in any event, as is one more property provided rent free for a dependent relative of yours or your spouse. But gains realised from all other properties will be fully taxable. Nevertheless, the detailed rules relating to husband and wife can sometimes be harnessed to overcome this problem without resorting to highly complex (and expensive) remedies.

Generally, transactions between spouses are neutral for Capital Gains Tax purposes. But if there has been a permanent separation or the partners have different resident statuses, the normal rule treating them as a single tax entity is suspended and the transfer of assets from one to the other will cause tax consequences. In such circumstances, Section 29A of the Capital Gains Tax Act treats all transactions as being at market value.

Now it frequently occurs that expatriate couples do have different resident statuses, for example, if the wife stays at home to look after children or aged parents. But even if she accompanies her husband the result will be the same if accommodation is retained in Britain for use during regular visits home (unless she also has a full-time employment overseas).

Say that as a non-resident husband due to return to Britain for permanent residence next tax year, you and your wife find yourselves in such a situation and a review of your affairs reveals that your second property (i.e. not your principal private residence) has accrued substantial gains. If you make a gift of that property to your UK resident wife, you (being non-resident) are not liable to Capital Gains Tax. More surprisingly, since Section 29A deems the transfer to take place at market value, that is your wife's acquisition figure and all gains accrued up to that point are eliminated!

Interestingly, the legislation was amended by the Finance Act 1981 to prevent this (and certain other more contentious) results, but was reinstated by the Finance Act 1984—with a warning that abuse of the legislation would bring further changes.

But what if the property is owned by your UK resident wife? If she transfers it to you, the disposal will be deemed to be at market value and a Capital Gains Tax charge will arise. Or it would have done before the case of Gubay v Kington, which was heard in the House of Lords in 1984. The Gubays had decided to live permanently in the Isle of Man, Mrs Gubay leaving Britain on April 4 1972, her husband following on October 28 1972.

Somewhat rashly, he gifted substantial shareholdings to his wife in the intervening period and was promptly assessed to Capital Gains Tax on the basis of the market value rule.

The case having gone against him in both of the lower courts, Gubay turned the tables by claiming successfully that a proviso to the rule suspending the spouses' "single entity" treatment guaranteed that his tax liability would not thereby be increased. But the fact was that if the "single entity" treatment had applied there would have been no liability at all. So Gubay paid no tax and, in our example, your wife would pay none either. As a non-resident owner of the property you could then sell it without Capital Gains Tax liability. But with Furniss v. Dawson in mind, it might be well if you waited for a while before doing so.

As will be seen, in the right circumstances, Section 29A and the rule in Gubay v. Kington can have very beneficial results. But great care is necessary.

Viewed, rued—and sued

We are in the process of selling our house. The house is for sale *through an estate agent.* A prospective purchaser, in response to the "For Sale" *sign, viewed and agreed to* buy the property at the asking price, on the first evening of the house being *for sale.*

We were aware that any "deposit" paid to the estate agent would, in the event of the sale falling through before contract, be refundable to the prospective purchaser, as the Estate Agents Act 1979 makes quite clear.

He insisted that we need not trouble to show any further people round the house.

He offered, and we accepted, a sum of £500, made payable by cheque to us. We banked the cheque.

We did not have anything in writing, by way of agreement, merely the oral assurances and the money. The £500 is mentioned on the estate agent's "memorandum of sale"—headed, "Subject to contract." We relied on our prospective purchaser's promise to buy and we did not show the house to any further enquirers, but, instead *told* them all that the house was sold.

After five weeks our prospective purchaser withdrew from the purchase. He now threatens to *sue for the return of the £500.* Our solicitor advises "surrender." We understand that if he does sue, then the case will go automatically to arbitration in the small claims court, before the registrar.

We further understand that for claims that do not exceed £500 no solicitors' costs are allowed save the costs shown on the summons. Therefore, if we defend the claim ourselves, our risk is confined to the costs shown on the summons.

Is the law now so biased in favour of the purchaser that all agreements are worthless, save, after the usual delay, the actual contract for the sale of the property? What procedure and formalities should we have gone through to ensure that he would forfeit his £500? How should we argue the case at arbitration?

We think that you should base your defence on two alternative propositions; either:

(a) the "deposit" created a contract which was separate from the agreement for sale of the house which was being negotiated but had not been brought into being as a contract. The terms of the contract which was created were that in consideration of the payment to you of £500 you agreed not to offer the property for sale to other prospective purchasers until the subject-to-contract agreement was concluded or went off. You have carried out your side of the bargain and are entitled to retain the £500. Alternatively,

(b) there was an implied representation made to you by the payment of the £500 that the "purchaser" would in any event purchase and/or that if he did not purchase he would pay you for loss of opportunity *to market the property.* On this basis you would have a cross-claim for misrepresentation under the provisions of the Misrepresentation Act 1967, which claim might well exceed £500, and you are entitled to retain the £500 in part payment of the damages to which you are entitled. This second proposition is rather more difficult to establish in law, but is certainly worth putting forward.

BRIEFCASE

House for stepfather

My mother dide recently, leaving me her house in Scotland absolutely. My father died many years ago and *some time later my mother* remarried; my stepfather is still alive and I want him to live in the house for as long as he wishes. I already own a flat in England.

Will my stepfather be regarded as my dependent relative for CGT purposes? I regard my duty towards him as *I would do if he was my* actual father but I am not clear what approach the Revenue might take.

There are not any children of either marriage and I am single.

Would there be any difference if I granted my stepfather a "life-rent" of the house under Scottish law?

You do not qualify for exemption under section 105 of the Capital Gains Tax Act 1979, nor under any published extra-statutory concession, unfortunately.

You have, however, nothing to lose by writing to Public Departments tax office asking whether there is any unpublished extrastatutory concession which covers stepfathers (and stepmothers) who *have acted in loco parentis* in situations such as yours. They may take a long time to reply, of course.

Meanwhile, have you discussed with your mother's solicitor the possibility of a deed of family arrangement (under Scots law)?

Challenge to registry

Would you please tell me how and to whom could one complain if one feels a wrong decision has been made by *the Land Registry's chief registrar?*

A determination by the Chief Land Registrar can be challenged by taking proceedings in the High Court for a declaration and whatever consequential relief would flow from a decision in your favour. You would be wise to consult a solicitor if you wish to mount *such a challenge.*

When to clean out

I should be grateful if you would advise the recommended period for which share dividend tax vouchers, brokers' buy and sell contract notes, etc, should be retained in case of possible queries from the tax authorities.

It is reasonably safe to throw away dividend counterfoils for 1978-79 and earlier years, if there are no outstanding points under discussion with the taxmen.

Contract notes for 1978-79 and earlier years, however, should be retained for at least seven years after the sale of the last of the securities to which the contracts relate (directly or indirectly).

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

SALEROOM

Rex Cowan on the men who risk everything in the search for underwater fortunes

The treasure hunters who come up trumps

A diver examines an ornate bronze cannon at the wreck of the Atocha

THE HUNT is on for hidden treasure from the sunken remains of hundreds of historic shipwrecks that foundered with their valuable cargoes over the past 400 years. Teams of professional wreck-hunting divers are now swarming around the Philippines, South Africa, the Indian Ocean, other remote islands in South-East Asia and the South China seas, their expectations fuelled by recent spectacular and exotic underwater discoveries.

Captain Michael Hatcher's staggering find of an entire cargo of over 160,000 pieces of Chinese porcelain and 125 gold bars in the wreck of the Dutch East Indiaman Geldermalsen (1752), skilfully marketed by Christie's in Amsterdam this year, fetched prices highly inflated because of the romantic provenance. A feverish audience paid over £10m against the original estimate of £3m. In 1983 and 1984 Hatcher had sold over 20,000 pieces of more valuable Ming blue and white Chinese export porcelain from a country junk found in the same area of the East Indies—realising over £2m. Informed rumour has it that Hatcher has just made another major discovery.

A lucky find this year by a German diver off Mozambique — the wreck of the Bredenhoff, another Dutch East Indiaman which sank in 1753—resulted in the discovery of 550 bars of silver which will give Christie's in Amsterdam another crack at a treasure auction before Christmas.

Now, in a book to be published next week*, Duncan Mathewson, an archaeologist employed by the legendary Mel Fisher of Treasure Salvors Inc, tells his side of the story of the discovery of the greatest underwater treasure of modern years, the Spanish galleon Atocha sunk off the Florida Keys in 1622, discovered by divers in 1973 and finally surrendering the main bulk of her treasure in 1985. Treasure in modest amounts had been recovered since the wreck was first located but this latest hord, the "mother lode" of gold and silver, jewels and marine artefacts, was initially and hastily valued at $400m by Risher. This has now been reduced to $183m after sober reflection of the swamping effect of marketing thousands of silver coins and other materials. Finds during 1985 included 130,000 silver coins, 956 silver bars, 315 emeralds, 115 small gold bars, 15 gold chains, and numbers of gold coins and other jewels. In 1986 finds included over 2,500 emeralds, 85 silver bars and 35 gold bars.

But these finds, with telephone number valuations, obscure the high risk, high cost, and high failure rate of professional diving expeditions, planned and targeted on specific wrecks. The search for antique shipwrecks involves intense and expensive historical research in archives all over the world. Then comes equipping a search boat with modern technology, side scan sonar, magnetometers, and precise navigational position-fixing devices for patterned seabed searches.

A diving team prospecting in deep waters will need a decompression chamber aboard the search vessel, apart from the usual safety equipment and standby rescue craft. Shipwrecks tend to occur in treacherous waters, prone to swift and changeable currents and heavy sea motion, near reefs or partly submerged rocks, sometimes in extremely poor underwater visibility. All these features pose great dangers for both surface crew and divers. Despite safety precautions, freak "bends" or unexplained embolisms do occur.

Search and exploration, often in foreign waters, may take years. Mel Fisher spent 16 years looking for the main treasure of the Atocha. When a wreck is discovered, and after establishing its identity (no easy task), the prudent and conscientious wreck hunter should carry out a pre-disturbance archaeological survey followed by controlled and careful excavation. Finds need to be cleaned and conserved, catalogued and studied, and the results published in due course.

For this he will need to recruit archaeologists, conservators and historians, no easy task in the private sector because of the stigma that treasure or wreck-hunting carries. If he doesn't he will earn the hostility and contempt of a preponderance of the archaeological and musum establishment, which he is likely to get anyway when he comes to sell the treasure to the public, contrary to archaeological ethics that historical material should be kept together as one collection and not dispersed by sale. Hatcher's auction this year was shunned by most of the Dutch museums.

The wreck hunter will have to pay all bills, and prepare for the inevitable lawsuits and quarrels with governments seeking jurisdiction over ownership and control of wreck sites, rival interloping teams, and former partners or investors. He will have to buttress the morale of his diving teams, often demoralised after years of fruitless search, and control their enthusiasm after a discovery lest it lead to needless destruction of wreck remains.

He will have to ensure that archaeological considerations, wherever possible, take precedence over "production" and profitability. If he does all that, he may get a greater degree of personal satisfaction, some recognition from academia, but not necessarily the approbation of his backers or investors.

Apart from the ethical questions of responsibility which arise out of active and deliberate exploration for historic shipwrecks, the central problem is one of finance. Nowhere are there adequate funds or resources for use in this field generated by museums or achaeological institutions (even the prestigious Mary Rose operation struggles to raise the huge sums required). Nor would most of them have the ability, muscle, or temperament for arduous and speculative exploration. Wreck hunters can find cash from the sale or treasure or from financial backers—but will sufficient of these funds be ploughed back into study and retrieval or historical and archaeological information from wreck sites?

Over the past five years in Europe, a new phenomenon has entered the explorer's field: salvage and recovery companies, formed with city or institutional backing, aimed at combining modern shipwreck salvaging operations with exploration for historic shipwrecks. These groups have financial and other resources on a scale not before encountered in the historic shipwreck scene, where small teams run on a shoestring by somewhat eccentric or charismatic management have been the only participants in the field. Some of these companies have yet to show success, although several are building up a formidable bank of research and operational experience.

There are no general rules for costing shipwreck work. This is not only because each search and site is unique, but also because the position is blurred by profit sharers who contribute equipment or boat and diving services from already existing establishment, and by the frequent use of unpaid volunteers who are in for their living expenses and the adventure.

Mel Fisher estimates that up to 1983 his operations cost $8m, financed by the sale of treasure recovered, and a clever scheme of "tax shelters" in the US. Limited partnerships are created by the purchase of small shares in the treasure brought up during a particular year — a colourful gamble for romance-hungry investors ranging from brain surgeons to taxi drivers. Profit attracts only US capital gains tax, and gifts to museums of specie (coins) distributed to investors are tax deductible. The risks of course are high. Those who invested in the Atocha in 1984 are tearing their hair, while those with 1985 shares are grinning all the way to the bank.

Such sophisticated fund-raising is relatively unknown in Britain where until recently, handshakes, understandings and "gentlemen's agreements" have been the favoured method among amateur and professional explorer of groups. Not until treasure is discovered do the shortcomings of such loose arrangements reveal the potentiality for discord and conflict.

What are the costs? One recent expedition that I was involved with, which lasted a total of 40 days on the wreck site of the Vliegenthart, totalled £28,960 not including payments to seven divers and conservators. The figure covered design and fabrication of specialised equipment, hire of diving and ancillary equipment, charter of a 74-ft vessel, and day to day operational costs.

Bad weather and other problems, frequently encountered in this sort of work reduced the number of actual diving days to 17, most of which were spent in positioning over the wreck site, preparing moorings and erecting archaeological grids on the seabed. And the total results of that season? Two clay galley bricks. The losses from such a disastrous expedition can only be borne, as this one was, bythe earlier discovery of a complete East India Company money chest containing gold and silver coins, slowly and carefully marketed worldwide.

What rewards can the explorers and investors expect, where the value of recoveries from a particular wreck site exceeds the cost? Hatcher and his two partners are certainly millionaires, even after all costs, the Dutch government's 10 per cent share, and substantial auction fees have been deducted. This month, Treasure Salvor's computer has organised a grand payout of specie shared on the basis of matched items between over 1,100 investors.

It is expected that for each $1,000-worth of limited partnership shares, the investor will get a handful of Spanish American coins worth $18,000, payoffs not dissimilar to a good win at the dogs. The average share of an Atocha diver is thought to be around one-tenth of 1 per cent, which could mean anything from $150,000 to $250,000 depending on the eventual value of the treasure. About a dozen long-serving divers should get 1 per cent each, making them millionaires. What remains to be seen is how the price of the silver coins will stand up or collapse when the investors unload their share of coins on to the market. If the Nanking porcelain fever is repeated in Florida, with a souvenir-hungry public eager to own a piece of history, this could mean a bonanza.

But finds of this spectacular value are the exception. Most wrecks yield only a fraction of such value, hardly paying for the cost of search, recovery and archaeology, and the market for treasure and artefacts, except for the few well publicised and glamorous wrecks, can be very limited.

The conflict betwen treasure-hunters and archaeologists is not new, and is unlikely ever to be resolved—being very often as much a case of temperaments as of ethics. There are signs in Britain, and now the United States, of a détente with archaeologists and conservators showing a more robust willingness to lend their skills to help teams in the private sector.

For those who think this hard, often boring, and relentlessly elusive profession of underwater exploration is romantic there are other costs and risks to consider. Like the day my search boat was blown up by a petrol bomb during the hunt for the wreck of the Hollandia (1743) off the Isles of Scilly—luckily no one was aboard; and the day Mel Fisher will never forget, the day he paid the highest price for the Atocha, when his son, daughter-in-law and a deckhand died as his salvage boat capsized.

Rex Cowan has been a professional wreck hunter for 18 years, and is a member of the Government Runciman Committee, an advisory body for the licensing and designation of shipwrecks.

** R. Duncan Mathewson III. Treasure of the Atocha. Sidgwick and Jackson, to be published November 20 1986.*

China's choicest

Antony Thorncroft on next week's sale of top-quality ceramics

THE MARKET for the finest Chinese ceramics has not been at its happiest in recent years—Hatcher excepted. This discovery by "Captain" Hatcher of 150,000 pieces of mid-18th century Chinese porcelain, destined for the tables of the burgeoning European middle classes, excited the public at large and sold at Christie's in Amsterdam for exceptional prices, but it has had little effect on traditional collectors.

Indeed, it is a small irony that this rather second-rate stuff hit the financial jackpot while rare, beautifully crafted example of Chinese porcelain pass under-appreciated.

To many experts, the Hatcher porcelain is dross; but the glamour of its excavation from the depths of the South China Sea from the decks of a sunken Dutch East Indiaman, the Geldermalsen, has given it an edge which will ensure that something from Hatcher will always command a premium.

The real market in Chinese ceramics has been depressed partly because prices went to ridiculous heights late in the 1970s as newly-enriched Hong Kong, plus a few Japanese and Singapore, collectors competed for the finest examples of Imperial Ming blue and white; partly because the political situation in Hong Kong has caused some re-assessment; and partly because the Chinese government seems to be turning a blind eye to the export of previously unrecorded quantities of Chinese works of art on to the Western market. These consist largely of "grave" goods of earlier dynasties, but they have caused consternation among collectors and have had some damaging effect on the grander, later, wares.

There are signs, however, that confidence is returning, and there is an excellent opportunity to test demand at its most exalted level when the first part of the T. Y. Chao collection comes under the hammer at Sotheby's in Hong Kong on Tuesday. This is the finest group of Chinese ceramics to appear at auction for years.

Sotheby's obviously thinks its timing is right. It is selling the collection, assembled over 40 years, because Chao's Wah Kwong Shipping and Investment Company has debts of around £500m. The works of art could contribute around £10m to meet this deficit, and certain items should make prices reminiscent of a decade ago—but no higher.

For example, the most choice item at the auction is an apparently unique Yongle flask of the early 15th century, with a shape that originates from Islamic metalwork and with the previously unrecorded decoration of a dragon leaping on rocks among breaking waves. It carries an estimate of HK$3m-$4m (around £300,000). Chao paid $3m for it in 1981 which, given inflation, suggests that it has fallen in price. If it tops $4m, things will be looking good for top quality Chinese porcelain.

Another item, the progress of which through the auction rooms is well plotted, is equally rare—a blue and white stem cup, with the Xuande reign mark. It is decorated with the Three Friends of Winter—pine, bamboo and plum—and, as with the flask, has a lustrous glaze and is almost unscratched. It is estimated at HK$1.8m-HK$2.2m (around £175,000). In 1968, it sold in London for £2,600, and in 1978 Chao paid HK$650,000 for it. This is a fair appreciation but nothing to make investors envious.

A third example, from a later period, makes the same point. It is, in the opinion of Sotheby's expert Julian Thompson, "as fine as any to appear at auction." It is an Imperial famille rose bowl of the Kangxi period, with a background of mulberry red decorated with yellow "windows" exhibiting flowers, and dates from around 1700. In 1979, it sold for HK$360,000. It now carries an estimate of around HK$600,000 (just over £50,000).

Sotheby's is being confident with its estimates, and has timed the sale to coincide with what it believes is a revival of economic optimism in the Far East. The items will stay out there: whatever the prospects for Hong Kong after re-unification with China, possession of the finest national treasures will be little handicap, especially if they are portable. It is unlikely that such a varied, high quality collection will appear within the next decade. The main buyers this time round are more likely to be Taiwanese rather than enthusiasts from Hong Kong.

Although Chao preferred Ming Imperials, there are ceramics from the Tang dynasty of 618-907 AD to the early 19th century. There is also a prize group of nephrite and jadeite, the latter much loved in Hong Kong. A top price of HK$700,000 could well be paid for a rare pair of jadeite pillows of the 18th century, in the form of crawling boys leaning on their elbows. They once belonged to Barbara Hutton.

BRIDGE

THE LEDERER Memorial Trophy, the important invitation teams event, was recently held at the Young Chelsea Bridge Club, and attracted a large number of spectators. Six teams—England, Professionals, London, Ireland, Woolwich, and Journalists — did battle over two days, and the trophy was won by England, with Professionals second, and London third.

Let us examine a hand, dealt by South at game all, which caused swings in each of the three matches, due entirely to the bidding:

N
♠ 6
♡ 10 9 7 6 5 3
◇ 5
♣ Q 10 9 4 2

W
♠ J 10 2
♡ A Q 8 4 2
◇ Q J 6 4
♣ J

E
♠ Q 9
♡ K J
◇ K 10 9 7 3 2
♣ K 5 3

S
♠ A K 8 7 5 4 3
♡ —
◇ A 8
♣ A 8 7 6

London v. Professionals. London sitting North-South. South opened with two spades, North replied with two no trumps, and South rebid three clubs. North raised to five clubs, South went to six, and gathered in 12 tricks. In room two South again opened with two spades, but rebid four spades over the two no trumps response, and made 11 tricks. Result, 12 IMPS to London.

Ireland v. Woolwich. Ireland sitting North-South. South opened with one spade. After two passes East reopened with two diamonds, South jumped to four spades, and West competed with five diamonds. This was doubled by South, and East went two down, losing 500. In room two South started with two spades, and rebid three clubs after the response of two no trumps, but did not reach the slam. Result, 3 IMPS to Woolwich.

England v. Journalists. Journalists sitting North-South. South said two diamonds (= Acol two clubs), West overcalled with two hearts, announcing two suits of the same colour, North doubled, East said three clubs, South said three spades, North said three no trumps, and South's four spades concluded the auction. South made 12 tricks. In room two South bid a strong one club, and finished in two spades. Result, 10 IMPS to Journalists.

In the hand shown in the next column, West dealt at game all, and North bid one club, to which South replied with one heart. After North's rebid of one no trump South forced with three diamonds, North gave preference with three hearts, South said three no trumps, but North returned to four hearts.

N
♠ K J 5
♡ K 8 5
◇ Q 10 3
♣ A Q 8 6

W
♠ 10 9 7 2
♡ 10 7 4
◇ 5
♣ 10 9 7 5 4

E
♠ A Q
♡ Q 6
◇ J 9 8 7 4
♣ K J 3 2

S
♠ 8 6 4 3
♡ A J 9 3 2
◇ A K 6 2
♣ —

West led the diamond five, a likely singleton, and South took his ace. He crossed to the king of hearts, returned a heart, took East's queen with his ace, and drew a third round of trumps, East discarding a diamond. The declarer played a spade to dummy's knave. East won with the queen, and was endplayed. Whatever he returned would yield the tenth trick. He chose to play a club.

The declarer cashed dummy's queen and ace, throwing two spades from hand. Assuming that East had the ace of spades from his failure to return that suit, and placing him with a 2-2-5-4 hand pattern. Declarer ruffed a club, returned his last spade, and ducked in dummy. East won perforce with his ace, and now declarer had 11 tricks.

E. P. C. Cotter

London Property

• PROPERTY •

John Brennan explains that fluctuations in house prices are exaggerated by investor buyers

Heed not these prophets of falling prices

ANYONE who believes that *house prices* "surge ahead" on a national, or even on a city-*wide, basis* will be *innocent* enough to believe that they are now about to "slump" as a number of estate agents capture a headline or two with tales of price reductions.

Only within the *pure* investment sector of the residential market—a sector that, by all reasonable definitions, is restricted to rentable units in central London—would such seemingly dramatic feast-to-*famine swings* in the market be of any relevance at all. With *properties* bought solely for investment, fears of a fall in future values could act as a self-fulfilling prophesy if investors were queuing to sell out before the market turned. But since the early spring, with evidence of growing over-supply of rentable units, investors' response has been *to become* increasingly selective, not to avoid the market as a whole.

That buying selectivity has been mirrored by renters becoming similarly choosy about the property in which they set up home. That, in turn, creates problems for the developers. This year, they have been lucky because of the number of pied-a-terre purchases by people working in the City, and by the active buying of the residential property funds *which have been finding it hard* to spend fast enough to keep up with their cash inflows now that such funds have become so fashionable.

From here on, as the City folk get *settled* and the funds' inflows suffer from those "price slump" headlines, residential developers have to bang their marketing drums harder than ever to sell high-cost units in a more competitive market.

All this inbred investment market activity does have one backwash effect on house prices generally. The blasts of sales hype that launch developers' latest offerings tend to be overheard *in* neighbouring *streets* where otherwise perfectly sane people become convinced that writing their own asking price is the same as finding a buyer.

Some blithely carry it off, asking too much and getting it. Most, however, calm down when their For Sale board starts to look as if it *will* be a permanent fixture. Then, they accept more realistic *offers*. The agents' books get covered in biro marks *as prices* are reduced, and a few inches of newsprint get filled with stories about the end of the "boom."

Saying that there *will be* a reduction in asking prices is not *the same thing* as saying that there will be a "slump" in house prices. And, to translate the recent headlines, it is inflated asking prices that are *beginning* to be punctured, rather than any precipitate nosedive in residential values generally.

Availability and cost of home purchase finance; effective after-tax purchase costs as a proportion of disposable incomes; the cost of, or the *availability of, alternative* accommodation; buyers' willingness to trade up or down the *market*, and owners' willingness to encash uncharged equity value in their homes—all these influence owner-occupied house prices, *not* agents' publicity campaigns.

Postdiluvian Chelsea

An £820,000 show-house is on view in Mrs Thatcher's former street in SW3. John Brennan has a good look round

A TOWER CRANE lifted the *statue* centrepiece of the paved garden into place an hour before the first guests arrived. Workmen, shoes left at the door, *cigarettes* banned, raced *to* complete the final furniture shifting and carpet trimming before being hustled out of sight by the flower arrangers.

Flood Street, SW3, former home of Margaret, Denis, Carol and Mark Thatcher, was getting star billing once more, this time courtesy of developer Harry Neal. The occasion was the formal unveiling of an £820,000 show house, one of ten built on the site of a former London Electricity Board workshop building. The LEB hadn't entirely abandoned this stretch of Chelsea, leaving a vast sub-station and office block to leer down upon the sole completed paved garden and back windows of the new-built houses. "It'll be gone soon," comforts an agent, a thought not quite as clearly shared by the LEB itself, which agrees that it's going but is vague about when.

In the meantime, who would gaze out when they can look around at the efforts of the Neals? Mr Neal is responsible for this, the latest in a series of prime West End residential schemes—where the MacDonald Price Partnership have come up with an exterior that gives this otherwise undistinguished but well-placed street a touch of style. Mrs Neal is responsible, through the Melton Ltd interior design business, for gladdening the hearts of antique dealers and paint specklers by lavishing time and money on the interior of the six-bedroom show house.

Dismissing irreverent thoughts of how a two-and-a-half-year-old with a handful of illicit felt tip pens would tackle the stairwell wall murals, or how the room decked out as a Hollywood dream of a Victorian nursery would stand up to real family use, there is no doubt that the Flood Street show house is an impressive example of the current sales approach of decorating and furnishing a property. Developers across London launch similarly idealised homes every week, each fitted to such an extent that you could move in as it stands.

There is a *Marie Celeste* feeling about these show properties. You can get the idea that there already are owners—no doubt as impeccably dressed as their home—who have slipped out for a moment. At the Flood Street houses they could have slipped across the road to the Coopers Arms, or to its neighbouring Cheyne Cleaners, a move that would explain why the wardrobes are all equipped with hangers, but no clothes.

Like all phantom show house families those missing Flood Streeters are evidently eclectic readers. On their shelves sit universally nice book spines, good leather bound volumes to be enjoyed primarily as art decor—unless, that is, their reading extends to such treasures as volumes of Chitty's Statutes, the prominently displayed Volume 12 of which inappropriately runs from: "Solicitors to Working Class."

Their taste in artworks runs from decorous pieces of miniature sculpture to acres of carefully faded-framed book illustrations, from monkeys to birds and flowers. Their four bathrooms have fine brass fittings, their kitchens have a chef's delight of different cookers and discreetly fitted units, their wine could be stacked racks deep in the astonishingly large under-the-road cellars left by the electricity men.

Deep lightwells in the roof make even the third floor rooms of the Flood Street houses look larger than they really are. Although the terrace design allows less than a 19 ft interior width for each house, high ceilings and good use of natural light make rooms throughout the building seem good sized.

As for the garage, Tim Jackson-Stops, whose firm helped advise Neal on the lay-outs for the scheme, reports: "We agreed that it had to be big enough for a Rolls-Royce."

Jackson-Stops & Staff (01-581 5402) and Barrington Laurance (01-409 2222) are joint sole agents on the scheme, where one of the 10 freehold houses has been sold before completion to a private buyer, and another three have been sold to the Henderson Prime Residential Fund for renting. Prices of the other houses are £715,000, *with two slightly smaller end* properties selling for £675,000. The £820,000 show house would slip back in price to £715,000 if a buyer had the heart to reject all Mrs Neal's fitting out efforts.

Neal's new terrace, which runs from 56 to 64 Flood Street, not only changes the look of this Chelsea side-street, it also represents something of a quantum leap in prices there. An example of the older properties in the street stands just a few steps further south, at number 70. Allsops (01-584 6106) have that modernised, four-bedroom house with roof terrace on their books for £465,000.

CHURCH CONVERSIONS—if you'll pardon such a potentially mixed metaphor—are an exotic by-product *of declining* congregations and increasingly adventurous residential developers Hammer horror film fans might be a little wary of taking one on, *but* church buildings are, oddly enough, *exempt from* listed building controls—even if they are listed as of architectural or historical interest. Without those controls, there *is* precious little a keen architect cannot do with a deconsecrated church if he can get his ideas past the planners.

The Church of England recently hammered out a deal with the government that should mean more state aid for the upkeep of listed churches and a block on the demolition of so many disused ones. Nevertheless, churches do still turn up *for sale* without any redevelopment restrictions. John Turner at Knight Frank & Rutley's Hereford office (0432 273087) has one of his books at the moment in the unlisted shape of the Emmanuel Church, Malvern, Worcestershire. A four-bedroom rectory forms part of the building which is on offer for around £90,000.

Country Property

Rentals

Country Property

London Property

London Property

Rentals

Overseas Property

London Property

Rentals

Overseas Property

Country Property

Scotland shows the way

James Buxton reports on how houses are bought and sold north of the border

ANYONE IN the south of England who has recently been gazumped over a house purchase or who can't exchange contracts on the sale of his house because he is trapped in a train of transactions, ought to be looking enviously north of the border. These vices are virtually unknown in Scotland.

This is not that Scotland has a different legal system to England but because it's the custom in Scotland that offers for houses are not made "subject to contract" with all the nerve-wracking delays which this often entails. Once an offer has been accepted it forms a binding contract, which neither party can escape. Legally enforceable bargains can be struck within hours and certainly within a matter of days, as my wife and I discovered earlier this year.

We were due to move to Edinburgh from Italy in July. On what was supposed to be a preliminary visit to Edinburgh in February, we were lucky enough to find both an energetic solicitor to act for us and a house which we wanted

A surveyor inspected the house on the Monday afternoon. We were now back in Rome and we received details of his report by telephone on the Tuesday morning. We immediately asked our lawyer to put in an offer. On Wednesday morning we heard that the offer had not been accepted but were told what price and terms would be acceptable. Our solicitor offered them on our behalf and by the Wednesday evening the deal had been struck.

The major difference between the Scottish and the English system of house purchase is that in Scotland the solicitor is involved from the start, rather than being called in after the two parties have reached a provisional agreement through an estate agent. A Scottish solicitor gives his client advice about all his financial affairs, and in about three-quarters of all house sales in Scotland he markets his house for him without recourse to an estate agent.

The solicitor will know the local house market intimately and should be aware of how much houses are fetching in his client's street. He may at this stage put him in touch with a building society. As we have seen he will arrange a surveyor's report, which will include a valuation of the property. He will then help his client decide whether or not to go ahead, and how much to offer.

The vendor's solicitor, meanwhile, will have checked the title of the property to be sold and made inquiries with the local authority about possible planning snags.

So by the time the offer is made, both parties will have completed most of the procedures, which in England are usually carried out only after a sale has been agreed. The purchaser's solicitor submits an offer to either the vendor's solicitor or his estate agent, which specifies not only the price but also the proposed completion date and what fixtures and fittings the price includes. It is usually stated that the offer will expire within a few hours, in order to press the vendor to make his mind up.

The vendor's solicitor may reply, accepting some but not all the clauses in the offer, in order to get a higher price or a different completion date. The purchaser will then adjust his offer (technically this constitutes a new offer) and the process goes on until all clauses are agreed. Until that point is reached, either party can withdraw from the negotiations. After that, the contract becomes legally binding.

Suppose another purchaser makes a more attractive written offer to the vendor before the revised offer has been received in writing, can the purchaser be gazumped? In theory, yes. But the rival bidder would have to act within a matter of hours, rather than over a period of weeks, as in England.

If several people are keenly interested in buying a particular house the vendor may announce that he will consider offers received in sealed envelopes by noon on a certain day. Prospective purchasers then have to consider not only how much the house is worth but how much extra they may have to offer in order to secure it. The vendor is not obliged to accept any of the offers.

A puchaser who fails to get the house, will have to look for another one and stump up for another survey. Scottish solicitors admit that their house-purchase system can lead to a purchaser commissioning repeated surveys. But they don't see a fair and workable way round this problem which preserves the other elements in what they regard as a much quicker and more efficient method.

SIGNBOARD

The eyes have it

UGLY HOUSING is a subjective concept. One man's ghastly pile is another's treasured home. Stanborough Developments can, therefore, be given full credit for adding considerably to the scope for such debates with its 53-house estate at Branksome Park, between Bournemouth and Poole in Dorset.

The terraces of houses are, in the words of the developer's brochure, being designed "to avoid pastiche, to take the best from the rich tradition of English formal housing and adapt it to form appropriate to today." The result might strike some as an uncomfortable mix. At the front, the maintenance-free, white polyester-coated aluminium double-glazed windows peer out over grand entrances with their "modern interpretation of 18th century porticoes" set into a distinctively different contrast of stonework and bricks.

Down the terrace walls run elegant, broad-topped drainpipes standing like a regiment of white starched stalks from some defoliated row of plants. At the rear, a "sun patio" stands open to communal gardens, private sun bathing being reserved for a roof terrace leading off the principal bedroom.

Goadesby & Harding (0202-23491) and Fox & Sons (0202-700922) are agents for the first phase of the estate, a rectangle of 26 four-bedroomed houses, half of which have already been sold. Prices range from £139,500 to £162,250 freehold.

Rooms with a view

IF RECENT opinion polls are accurate, whoever buys 6, Dulwich Gate, London, SE21, will have to wait a few years more before they have Denis and Margaret Thatcher as neighbours. Number 6, the latest of Laurie Barratt's best publicised estate to be completed, is now on the market for £525,000 freehold through Winkworth (01-299 1722). There are likely to be more than the usual number of viewers since the five-bedroomed, three-bathroomed, double-garaged homes bristling with security systems have become a rather exclusive tourist attraction for those curious to see what a prime ministerial retirement home looks like.

Going for a song?

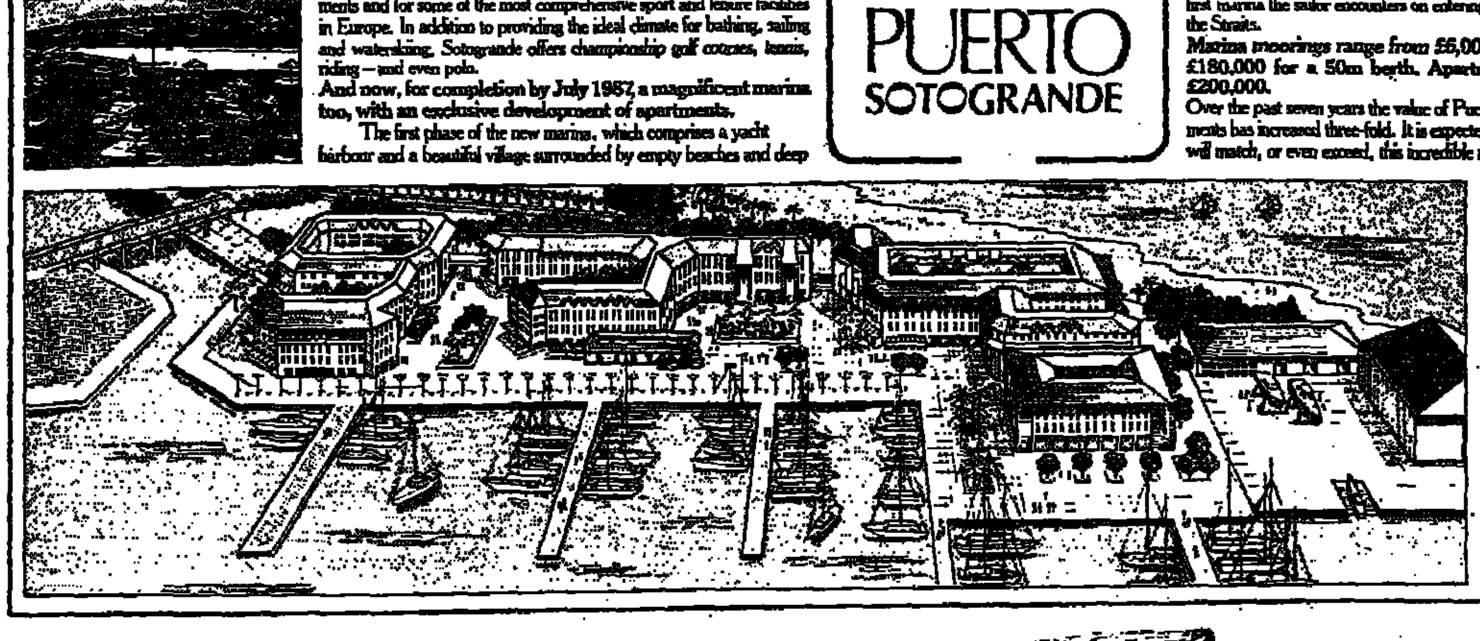
SINGER Roger Whittaker's nine bedroom Queen Anne and Georgian Rickling House in 37 acres of gardens and woods at Quendon, Essex is being sold by Savills (01-499 8644) for around £1.2 million. The estate comes with a recording studio, four-bedroom house in the grounds and its own leisure complex including a 60ft indoor pool, sauna and squash court.

One to appreciate

ALLOWING for the same percentage price rise over the next 200 years, the four-bedroomed cottage "Firegrove" at Anmore Road, Denmead, Hampshire, should be selling for £1,584,000,000. As it is Stephen Weller of Gascoigne-Pees' Waterlooville office (0829 220044) expects £144,000 for the house and acre of garden, an 11,000 per cent increase in cost since its sale for £12 12s in 1763. That sale followed the eviction of a cottager owing debts of £5 10s (or perhaps one should put such profligacy in context by applying the same multiplier, on which basis the rogue owed £60,500).

Diarist's delight

THE 18th century diarist Parson Woodforde's house, the Grade II listed Old Parsonage, Castle Cary, Somerset, has come on to the market for around £185,000 through Knight Frank and Rutley's Sherborne office (0935 812236). It is a beautiful, mainly 17th century mellowed stone five-bedroomed house with converted stable block and outdoor heated swimming pool in an outdoor heated swimming pool in an acre of garden and orchard. Just 23 miles from Bath and Bristol, the Inter City (Castle Cary to Paddington) takes around 90 minutes.



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TRAVEL · MOTORING

"THE MORE I see of colour, the more I object to the ordinary idea of its gorgeousness," wrote "Asterisk" (aka Robert James Addison Gerard Fletcher) in *Isles of Illusion*. He remembered how at one time Turner had seemed to him the "last word" in colour, but added that his tastes had changed utterly, so that what he now craved were "ideas of colour which exist for me alone, shades that I have never before imagined which . . . whisper of mysteries instead of shouting about things popular."

Perhaps he should have tried Leningrad, rather than the South Seas, for there is a mattness and melancholy to this "Babylon of the Snows," this "Venice of the North," that pluck at the heart strings. There is nothing frivolous about Leningrad. Apart from gold and marble, the prevailing colours are muddied cream, bleached turquoise, pale yellow, washed orange, sooted green, grey, lead, blue, dung.

For romantics and sentimentalists, Leningrad is still St Petersburg, or simply "Peter": the haunt of emperors and empresses; a city of dazzling palaces and public buildings, of bridges and golden domes, of granite quays and marble obelisks; a fountainhead of Russion literature, music, and art; the home of Pushkin and Dostoevsky, of Mussorgsky and Rimsky-Korsakov, of Pavlova and Nijinsky.

For Peter the Great, who founded it in 1703, the city became the glory of his reign, his "paradise," his "darling." According to biographer Robert K. Massie: "The city came to represent in brick and stone everything important in his life: his escape from the shadowy intrigue, the tiny windows and vaulted chambers of Moscow; his arrival on the sea; the opening to the technology and culture of Western Europe . . . No obstacle was great enough to prevent him carrying out his design. On it he lavished his energy, millions of roubles and thousands of lives."

Today, all is greyness and depression. For example, take a bus or taxi ride along Moskovskiy Prospekt (there is also a metro line beneath the avenue) from Pl. Mira to Pl. Pobedy (Victory Square). This has long been the main road to Moscow. You will pass churches, statues, grandiose blocks of flats, the 12-columned cast-iron Moscow Triumphal Arch, brooding and antiquated factories, Victory Park with its alley of Heroes, Soviet House, and finally the bleakly gigantic Monument to the Defenders of Leningrad.

This was completed in 1975 and features a 48-metre red granite obelisk that stands at one of the strong points of

Palace Square in Leningrad from the windows of the Winter Palace

Leningrad the sad

Once the haunt of emperors, the world's most northerly metropolis is now grey and drab, says Michael Thompson-Noel

Leningrad's defences during the Nazi blockade of 1941-44. (No conqueror has ever captured Peter's Baltic port.) For virtually its entire length, Moskovskiy Pr is drab and dull and monumental, not a fun place at all. But that is Leningrad.

The only way to enjoy the place, I found, was to hunch into the wind, screw my eyes, close my ears to the drone of the guide, forget the food, forget the hotel (the gaunt Pulkovskaya, which has a sad little drugs counter—"for stomach," "for coughing," "for grippe"), forget the delays, ignore the shops with their mean glum crowds, ignore the peremptoriness of Intourist, and try to envisage St. Petersburg as it was early on. All that this requires, apart from vaulting imagination, is the hide of a rhinoceros and the soul of a fairy.

Leningrad/St. Petersburg is unique in many ways. As Massie says: "No other people has created a new capital city in time of war, on land still technically belonging to a powerful, undefeated enemy" (Sweden). By 1703, New York was already 77 years old and Philadelphia 60. And it is the northernmost of the world's great metropolises. To plant it at the same latitude in North America would mean placing a city of 4.9m people on the upper shores of Hudson Bay.

In 1703 the place was a bog. It was wild, wet, and mightily unhealthy. During the building of the Peter and Paul Fortress, to defend the newly seized mouth of the Neva, Peter lived in a small, one-storey log house constructed by army carpenters between May 24 and May 26 1703. It survives today, the oldest building in the city.

When I informed Intourist that I dearly wished to see it, I was told: "That is not a problem. It is quite a good idea. We will go now to see it." I tried to say that it was Tuesday, when the log cabin is closed, but imagined that Intourist would ring Someone Special, and make an arrangement. When we got to the cabin, we found the gates padlocked. "You see," explained Intourist, "today it is a Tuesday. Peter's cabin is closed."

What I *was* taken to see was the Catherine Palace at Pushkin, a megafolly by Rastrelli, regarded as the greatest architect working in 18th-century Russia, who subsequently designed the Winter Palace in St Petersburg. Pushkin was captured by the Germans in September 1941. When they were finally driven out, in January 1944, the town and its palaces were virtually in ruins.

Restoration of the Catherine Palace, which had been looted and blown up, began in 1957, and is proceeding slowly. Every Friday in the local newspaper notices appear asking for volunteers to work on the restoration, the current annual budget for which is about £27m. It is a jarring place, of flamboyant poor taste, but the Russians desperately need tourists, so the money is possibly well spent.

Among the rooms on the courtyard side is the famous Amber Room, which was decorated by Rastrelli with panels of solid Persian amber and contained a collection of amber objects acquired by Peter in Prussia. These priceless contents—sometimes called the eighth wonder of the world—were looted by the Germans, and disappeared in Königsberg in 1945.

The panels covered a total area of about 180 sq ft. They were intricately carved, and inlaid with gold sheet and semi-previous stones. In the 1960s the Russians concluded that the Amber Room was in the possession of the West German Government, though the search has continued, especially in the winding cellars of ancient Königsberg (now Kaliningrad).

Several years ago the Russians decided to restore the Amber Room. In Lithuania, I was told, a team of father and son has already produced one panel, though it sounds like very slow work.

The obligatory centrepiece of any visit to Leningrad is a tour of the Hermitage, which possesses one of the world's great art collections and is partly housed in the Winter Palace, on the Neva embankment. I approached the Hermitage in the frame of mind stipulated by esteemed colleague Max Wilkinson, who I encountered in the Academy in Venice one Saturday morning six years ago. It was 9.15—far too early for either of us to have had a proper caffeine fix, so I entered his presence carefully. He was surveying a monstrous crucifixion. "Rather 15 minutes with one canvas," he said sternly, "than one minute with 15," on which note I ran away.

Unfortunately, the Max factor is all but unemployable in the Hermitage, where most of the Old Masterpieces are badly hung and very poorly lit. The light from the chandeliers in many of the main rooms throws such a powerful glare off the varnished surfaces of the paintings that it is hugely difficult to view the works at all.

Leningrad, let it not be forgotten, is the cradle of the great October socialist revolution, the 70th anniversary of which falls next year. There will be mighty celebrations, and many special tours. In Leningrad alone, says Intourist, there are 275 places connected with the founder of the Soviet state.

In addition to Pushkin, other excursions worth taking are those to Petrodvorets (which boasts a magical 18th-century architectural ensemble), Pavlovsk, and Lomonosov. Your days will be filled with museums and monuments, so make sure that your nights are brightened with visits to the Kirov, the Gorky, the Leningrad Philharmonic, the Leningrad State Circus, and so on. Do not look for salacity, and it will not look for you, although in the intimate second-floor restaurant of the Europa hotel, a shrine to art deco, where the band plays *Feelings*, it is possible to stuff yourself with caviar and dance with—what shall we call them?—hard-currency girls of the liberal persuasion.

I am told that Leningrad looks best in the snow, when all that greyness is finally blotted out. Whenever you go, do not hope to chivvy or hustle Intourist. Although Leningrad now handles about 1m tourists annually, including 50,000 British, Intourist does things at its own ridiculously measured pace. Nothing will hurry it. Why, I asked at one point, couldn't we do *more* things faster? "You must be patient," I was told. "If we had the time, we could fly to the moon."

● TRAVEL DETAILS. British Airways has launched a new Sunday service to Leningrad. Among operators taking seats on the new flight are Page and Moy, Saga, Intourist and BA's own Sovereign Holidays. Sovereign will shortly be offering an eight-day, two-centre Moscow-Leningrad package from £279 (full board, hotel, and sightseeing). BA Holidays is developing a range of additional tours for 1987, and this month will launch a separate range of holidays with Intourist. Intourist and Aeroflot offer numerous tours and packages. In London, Intourist is at 292 Regent Street, W1R 6QL (01-631 1252). Average air temperature in Leningrad in winter ranges from zero to −15C. Urgent medical aid requiring no hospitalisation is provided free of charge. Do not film or sketch "any items of military equipment and military installations, seaports, large waterworks, railway junctions, tunnels, railway and motor-road bridges, industrial plants, research institutes, design offices, laboratories, electric stations, phone and telegraph exchanges."

● BOOKS: There is no shortage of guides. A good one is Blue Guide: Moscow and Leningrad, Ernest Benn, London, £8.95. Peter the Great: His Life and World, by Robert K. Massie, is published by Abacus, £5.95.

● In our article on Bath on November 8, we were unaware that the Bath Tourist Office has a direct line: this is 0225 62831.

Lancia's comeback

Slowly but surely Lancia is getting its act together again. The model range, starting with the stub-tailed and budget priced Y10 and going up to a formidable, Ferrari-engined version of the Thema, is better than it has ever been.

This year, 30 more British dealers have been appointed. The factory has invested massively in design and production technology so that 3-year unlimited mileage and 6-year corrosion warranties can be offered. The cars themselves are attractively different and competitively priced. As little as £4,330 will buy a 1-litre engined Y10 and at £15,965 the very fast and luxurious Thema LX Turbo is around £2,000 cheaper than some obvious competitors.

I have just been trying one of the mid-range Lancias, the Prisma LX (pictured) with a fuel injected 1.6 litre, 108 horsepower engine and 5-speed close ratio gearbox. This 4-door, 4/5 seat saloon with a large boot is sporty enough to be considered as an alternative to a VW Jetta GT (£8,295) or Ford Orion 1.6i Ghia at £8,709.

The all independent suspension and especially the dampers are firm enough to make the ride feel a bit joggly on uneven roads. But it is a nimble performer and rolls hardly at all on bends. One is never unaware of the engine but it is free-revving with suitably low gearing; at 70 mph the rev counter is showing just over 3,500 rpm. Top speed is claimed as 115 mph. Drivers who exploit the lively performance will get at most 350 miles per 12½ gallon tankful.

The gearshift is pleasant, though my foot was inclined to get tangled up under the fascia when pressing the clutch. At low speeds the steering is heavy but it lightens up nicely on the move.

Stuart Marshall

The Lancia Prisma . . . a nimble performer

Take care with tyres

IF YOU never drive your high-performance car at over 80 mph, is there any point in buying the H-rated or possibly even V-rated tyres fitted to it when new when replacements are needed? It is tempting to save money and buy S-rated tyres because the H (up to 130 mph) and V (over 130 mph) kind are much more expensive than the S kind, which are safe up to 113 mph. But maximum speed in a straight line is not the only criterion. Continental Tyre's marketing manager, Brian O'Ready, warns. Many cars have high-speed tyres for handling reasons — they are stiffer laterally and provide better cornering grip and sharper steering response than those of normal speed rating. For the same reasons, a car supplied on fat, low profile tyres should not have thinner ones fitted as replacements. Tyres are so critical to a car's safety that saving a few pounds could be a false economy. Fit the same again is a good rule. Money can still be saved by shopping around for the best deal.

All about autoroutes

ANY MOTORIST heading for France, whether on business or on holiday, should have a copy of the Richard Binns's Autoroute Guide in the glove box. Binns has mapped over 300 autoroute exits and listed the nearby hotels and restaurants (to suit all pockets), garages, banks, supermarkets, chemists, camping sites and petrol stations. Not so romantic, perhaps, as the Roman ruins and mediaeval monasteries that feature in typical guide books, but what one often needs to seek out urgently. From the same author as French Leave 3 and France a la Carte, the French Autoroute Guide is published by Corgi and costs £3.95.

Out but not down

WHEN TRYING to forecast the result of the Car of the Year award (this column, November 1) I forgot about the new Vauxhall Carlton models. They will not win, but I should have included them among the runners-up; I reckon about sixth or seventh past the post, after the Jaguar XJ-6, BMW 7-Series, Audi 80, Rover 800, Citroen AX and Renault 21. The Carlton may have enough appeal to the jury to push the Sierra Cosworth or Fiat Croma out of the first ten, but much depends on how nationalistically some of the jury-persons vote. The result will be known at the end of the month.

S.M.

Company Notices

GENSTAR CORPORATION
NOTICE OF REDEMPTION
TO THE HOLDERS OF 10% DEBENTURES DUE JUNE 1, 1989

[illegible]

GENSTAR CORPORATION

Legal Notices

No. 007796 of 1986
IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
IN THE MATTER OF BRITISH MOTOR HERITAGE LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1985

[illegible]

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
No. 007156 of 1986
IN THE MATTER OF REED EXECUTIVE PUBLIC LIMITED COMPANY AND IN THE MATTER OF THE COMPANIES ACT 1985

[illegible]

Art Galleries

[illegible]

Company Notices

NOTICE OF REDEMPTION

TO THE HOLDERS OF THE CITY OF OSLO 10½% EXTERNAL BONDS DUE 1990

NOTICE IS HEREBY GIVEN that pursuant to the provisions set forth in the Terms and Conditions of the above described Bonds, NOK 10 million principal amount of the Bonds have been drawn for redemption on February 15, 1987.

The numbers of the Bonds so drawn are as follows:

BONDS OF NOK 10,000 EACH

[illegible]

Outstanding Drawn Bonds from 15.2.1985:

[illegible]

Outstanding Drawn Bonds from 15.2.1986:

[illegible]

Bonds referred to above will become due and payable at 100% of their principal amount in Norwegian Kroner at the Head Office of the Fiscal and Principal Paying Agent, Union Bank of Norway, Kirkegt. 14/18.0153, Oslo 1, Norway, or, at the option of the Holder, at the specified office of any Paying Agent. Bonds should be presented for redemption together with all Coupons maturing after the date of redemption.

The City of Oslo
by, Union Bank of Norway—Fiscal Agent

Archaeology


Sweet Talk, in Somerset, built about 3900 BC by early farmers in the region

Prizes lie buried

Gerald Cadogan reports on the awards given for archaeological finds now on show at the British Museum in London

TWO YEARS ago, Michael Ward spotted an iron tyre and a skull in the gravel of the quarry he manages at Wetwang Slack in the Yorkshire Wolds. He recognised them as part of an Iron Age cart burial, having seen another found at nearby Garton Slack in 1971, and he called the field archaeology unit of Humberside County Council.

Digging by the unit and more keen observation by Ward yielded no fewer than three cart burials at Wetwang Slack, dated to 300 BC. They are important recent finds from the British iron age, and a highlight of the present Archaeology in Britain exhibition at the British Museum in London.

In each burial the body lay between the two wheels, of which only the iron tyres and the central naves survived; wooden spokes and other parts showed as discolouration in the soil. Each showed traces of something like a box enclosing the corpse, probably the body of the cart set upside down over the dead.

Two male bodies had swords. The third, a woman, had been buried with an iron mirror, a bronze cylindrical container on a chain (its purpose is unknown), and an iron and gold pin, apparently decorated with coral.

This week Mr Ward was deservedly handed the BP Award — for the best non-archaeologist who makes a find and reports it—as part of British archaeology's biennial prizegiving.

The British Archaeology awards are a reminder of how much hard work all sorts of people do to make our past live—especially on the key question of how land was used. Nobody goes into archaeology to make money; it has to be for the fun of searching.

And, too, for the excitement: there is much waiting to be found. The surprise discoveries at Wetwang Slack, or the Saxon cemetery at Lechlade, or Lindow Man in the Cheshire bog—all now at the British Museum—show that the past is still generous with bonus issues.

Land use in Derbyshire has been the preoccupation of Martin Wildgoose, a farmer, who won the Pitt Rivers Award for voluntary work. For six years he has been surveying field walls at Ballidon—100 miles of them—to reconstruct earlier land patterns, earlier farming.

Another volunteer worker won the Legal and General Silver Trowel for initiative. James Pickering has been flying the skies for 50 years to photograph ancient patterns of life on the ground below.

The Country Life Award for professional work went to the Leicestershire Museums for their community archaeology programme. For 10 years they have been taking archaeology back to its local roots, showing how anybody willing and interested can learn by walking the fields and simply looking. Now, a county which once seemed barren of prehistory turns out to be as "ancient" as everywhere else.

This is typical. If distribution maps show nothing, it often means that nobody has had a look. And when there is something on the map we must look for the reasons people may have had for studying the region. It may be good walking country, or near a city. (Around the Mediterranean the maps show many sites by the sea. This reflects partly where the ancients lived, partly that archaeologists like to swim—and to poke around the hills above where they have been swimming.)

The Illustrated London News Award for sponsorship went to Esso UK (which beat Legal and General Assurance, for its support of the Roman Civic Centre dig this year in London, and Manchester sponsorship of community archaeology.) Esso sponsored a team to investigate the proposed path of a pipeline from the Fawley oil refinery near Southampton, and rerouted some of the pipe in the light of the archeological discoveries made.

Publication of results is vital. The Richard Colt Hoare Book Award was won by Bryony and John Coles's Sweet Track to Glastonbury, an account of wet archaeology in the Somerset Levels (also featured at the BM). Runner-up was Charles Thomas's Exploration of a Drowned Landscape—essential reading for Scillionians.

The Glamorgan Gwent Archaeological Trust won the Heritage in Britain Award for best preservation of a site or monument: the dig and reconstruction of Cosmeston near Penarth in South Glamorgan, an abandoned mediaeval village—one of thousands in Britain. The village kiln and bakery have been resuscitated and are already open to the public.

No FT hamper, no Christmas

Tired of branded hampers? **Lucia van der Post** offers you a 'special'

CRITICISING COMMERCIAL hampers is an annual Christmas-time sport. It is easy enough to criticise, but how easy is it to do better? We decided this year to give it a go, and asked Romilly Hobbs to help us devise the sort of hamper that we ourselves would like to give or be given. So if, like us, you are not enamoured of most commercial branded hampers with their tins of sliced peaches, their bottles of sweet sherry, their watery ham, maybe one of the FT special hampers will be the one for you.

For in the end we decided to offer two. One is aimed primarily at the enthusiastic cook, offering the sort of ingredients difficult to find outside top quality grocery stores, as well as a few exotica like sun-dried tomatoes in oil—which may be new to a cook, and inspire a new dish or two. The other is aimed primarily at those who are keener on eating fine food than cooking it.

Everything in the hampers is of first-class quality. Most of it is Hobbs' own label (the Sorrel Sauce, the Lemon Curd, the chocolate-coated orange segments, the tea biscuits); some specially imported from Hobbs' own suppliers (Bazzini's salted almonds).

The Christmas Pudding is made specially for Hobbs from a traditional recipe; it contains no artificial preservatives or additives and comes in its own blue and white striped china basin.

The vanilla essence is pure essence—not the usual vanilla flavouring, while the Fond de Veau Lié is best-quality tinned veal stock.

Because it is the FT Hamper, available only to readers of the FT, each will have a bottle of pink champagne. The cooks' one will have an FT apron, the gourmet one a small leather-covered FT diary and a bottle of Les Forts de Latour 1977 from the Pearson-controlled vienyard of Chateau Latour.

Both come in Hobbs own round, claret-coloured baskets. They have rope handles and are much more practical to use afterwards than traditional hampers. (Use them as shopping baskets, or, even better, as containers for fruit, dried flowers or fresh plants.) With the basket of goodies will come a leaflet with Hobbs' own suggestions for using the products.

Each Hamper will sell for £80 (plus £5 for hand delivery in central London or £7.50 for postal delivery elsewhere in the UK). The last date by which orders must be received to be certain of delivery before Christmas is December 15. If by any chance Hobbs should run out of any of the named products, it will be replaced by something of equal or higher value. Send your cheque and orders to: Financial Times Hamper, Hobbs & Co. 29 South Audley Street, London W1.

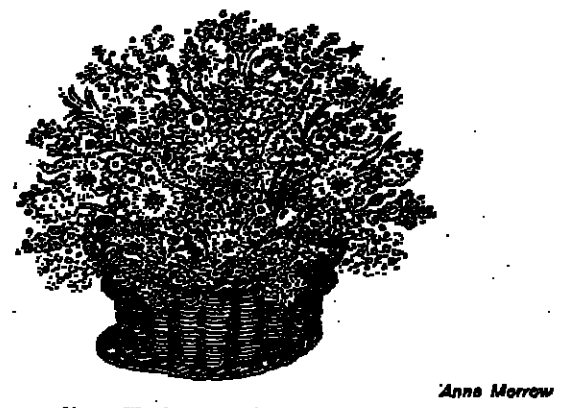
THE GOURMET HAMPER

- Financial Times Diary—pocket-sized, leather-covered, pink pages.
- Bottle Hobbs Pink Champagne
- Bottle Les Forts de Latour 1977 (from the second vine of Chateau Latour in which our parent company, Pearson, has a major interest)
- 200g (7 oz) tea biscuits
- 454g (1 lb) Lemon Curd
- 250g (8½ oz) Pickled Walnuts
- 454g (1 lb) Tomato and Red Pepper Relish
- 200g (7 oz) Empire Mustard
- 450g (1 lb) Winter-Brandied Fruits
- 1,350g (48 oz) Christmas pudding in reusable striped pottery bowl
- 113g (4 oz) Salted Almonds
- 227g (8 oz) Stem Ginger
- 320g (11 oz) Jar of Paté Maison
- 85g (3 oz) Chocolate Bars (two), Milk and Plain

THE COOK'S HAMPER

- Financial Times Apron—pink, plastic-coated canvas featuring the first front page of the FT on Feb 13, 1888
- Bottle Hobbs Pink Champagne
- 190g (6½ oz) Sun dried tomatoes in oil
- 21g (¾ oz) Pink Peppercorns
- 450g (1 lb) Winter Brandied Fruits
- 113g (4 oz) Piece of Parmesan Cheese
- 15g (½ oz) Muslin Tea Bags
- 1,350g (48 oz) Christmas Pudding in reusable striped pottery bowl
- 50cl (16½ floz) Huile du Berry (first pressing walnut oil)
- 305g (10¾ oz) Sorrel Sauce
- 20ml (6 fl oz) Vanilla Essence
- 200g (7 oz) Fond de Veau Lié
- 50g (1¾ oz) Dried Mushrooms
- 113g (4 oz) Chocolated-coated Orange Segments
- 227g (8 oz) Stem Ginger
- 568g (1 lb 4 oz) Traditional Mincemeat
- 50cl (16.6 floz) Balsamic Vinegar


Drawing by Chloe Cheese


Anne Morrow

Long after Christmas is over the basket will go on giving pleasure

Nothing but the best

YOU DO not have to look much further than the address (29 South Audley Street, London W1) and the classy claret and white labels to realise that Hobbs & Co is no ordinary grocery store. It is not the place to go rooting round for cut-price offers or for cheap little offcuts to feed a family of five. Hobbs is where you go when you want nothing but the best.

This does not mean that it has to be expensive—you can buy what are said to be some of the best pork pies in the country for 30p (mini-size); a pint of the best-quality frozen chicken stock (made from their own boiling fowls) for £1, or a jar of Hobbs' own-label black olive mustard for £1.95.

Hobbs & Co was started by Romilly Hobbs some seven years ago, when she noticed how difficult it was in London to track down the sort of goodies you could buy so easily in New York, Paris or Rome.

She came to the food business with no special qualifications other than a passionate interest in food. She started in Covent Garden, selling wines and champagnes and exotic bottled delicacies like wild apricots and marrons in syrup.

It wasn't until she opened in South Audley Street that she had enough space to add fresh food. Today, if you wander into Number 29, besides the exotic bottles you will find kumquats and passion fruit, mâche and radichio, gulls' eggs and quails' eggs, white truffles (£35 an ounce), mushrooms fresh and dried, a fine French Brie just ready to eat or a soft English goats' cheese so mild you would hardly guess its origins.

Two years ago Romilly Hobbs bought Bailey's, the butcher in Mount Street, which gave her the space to start up her own kitchens. There are now four full-time chefs making the six or eight different pâtés on sale every day; the vegetable terrines; the fresh soups; the dishes of the day (last Friday, for instance, if you were looking for a little something to delight your friends you could have taken your choice from Lancashire Hot-Pot, chicken with plums and brandy, or duck with red cabbage and glazed kumquats).

That's all very well, I hear you cry, whetting our appetites for food only available to Londoners. What about the rest of us? For the rest of you (and of course Londoners) we asked Romilly Hobbs to put together what we think is a very special Christmas basket, full of the sort of things we believe people really would like to find on Christmas morning.

L. v.d. P.

Restoration

Venice—not yet home and dry

TWENTY YEARS ago this month, art critic Robert Hughes gave a dramatic talk at the Courtauld Institute in which he compared the crisis in Florence and Venice in the wake of the floods to the impact of the Spanish Civil War on another generation of students. If the parallel seemed a little strong, it was clear that the aftermath of this natural disaster was scarcely less than the wreckage of war. On the strength of his stirring words a number of us, given time off from our studies and a return train ticket, went to Italy to help.

We were stationed in the servants' quarters of Violet Trefusis's villa at Bellosguardo, on the hills overlooking Florence, in idyllic early December sunshine, provided with lavish meals by a neighbouring American finishing school — its contribution towards the catastrophe since the girls were forbidden to venture down in case of contamination — and worked day by day on the treasures of the Florentine Renaissance.

With talc and fine brush I dusted the oil from marbles in Santa Croce and the Baptistery; with spatula I scraped the glutinous mud from vellum pages of books from the ancient Giucciardini library. These had been conveniently removed to the family country estate at Poppiano, where we lunched beneath a many-limbed family tree and continued our work in the afternoons in a haze of *vin santo*.

It was all so pleasant that we felt almost imposters when strangers offered their thanks to the "student angels" as we were (I think in retrospect) christened. One such token of gratitude was free tickets to the reopening of the opera house, still with a foul oil slick along the safety curtain. There we sat, in the best seats in the house, our gumboots and jeans conspicuous amid a formal first night crowd clad in 1960s' little black dresses and discreet diamonds.

It has all stayed with me as a treasured memory; of Italians at their most generous, of people co-operating for a general good, and — for a raw first-term university student — as an exciting adventure. The Florentines set about the recuperation of their city so immediately that it was hard to realise we were witnessing a tragedy of historic proportions.

Coincidentally finding myself in Venice this month, I realised that it was the 20th anniversary of the floods. On cue, on November 4, the waters rose in the Piazza San Marco after a night of sirens, but the depth was little more than thigh high as against the 9 ft of 1966.

The anniversary has been taken seriously, and walls were thickly flyposted with reminders of meetings and exhibitions, cultural and political, not all adulatory. For Venice, like Florence, despite the speed with which it coped with the catastrophe at the time, did not take many of the long-term preventative measures necessary. The fine balance between its working population and tourism, its industry and environmental considerations, as well as between outside aid and national pride, has proved well-nigh impossible to sustain.

The disaster of 1966 did focus attention on the desperate state of repair of monuments and works of art. With the floods as the catalyst, much work has been carried out—from the cataloguing of libraries to the repair of frescoes and mosaics. Both cities attracted international help on an impressive scale, technical and financial: Unesco and a plethora of special committees, such as the Venice in Peril fund from Britain, and the US Save Venice, have completed and continue to work on innumerable schemes.

An exhibition (until February) at the Accademia gallery in Venice, chronicles some of this activity. *Restauri a Venezia 1967-1986* describes work carried out over this period, much of it under the aegis of the Soprintendenza ai Beni Artistici e Storici di Venezia. Yet, reading between the lines, there are intimations that all has not gone smoothly.

Urgent work has taken years to put in hand, perhaps because of the need for a careful approach to the technical problems (as the exhibition puts it), perhaps because of bureaucratic wrangling. Wooden carvings or books that have been saturated need time to dry naturally; other objects need prompt action; all has to be co-ordinated with a maximum of flexibility.

Infra-red photography and other recent technical innovations allow earlier conjectural restoration to be detected and removed; it is all painstaking stuff. On top of it all comes what is termed the *nuova politica di restauro*—that is, new thinking about methods and approaches to restoration.

The fact is that many of these buildings and objects were in parlous condition long before the floods focused attention on them. What happened, in the wake of the disaster, was a chance to assess what needed to be done and, more importantly, to perfect ways of dealing with the disintegration. Reading between the lines, and talking to members of some of these international bodies, gathered in Venice for the commemorative week, it is clear that a job is being done, but not as fast or efficiently as many would wish.

Gillian Darley


High tide in St Mark's Square

Cellar bought

CHRISTIE'S this week sold the contents of one of the most distinguished private cellars of a leading Bordeaux property: the wines of La Mission/Haut-Brion and its associated properties—La Tour Haut-Brion, its second wine, and La Ville Haut-Brion, one of a handful of top-class white Graves.

The sale followed the acquisition of the estate in 1983 by its neighbour Haut-Brion but the former owners, the Woltner family, retained their private cellar.

Sixty-seven vintages of La Mission and 48 each of the other two vinyards were represented and prices were high, particularly for the older vintages as well as for many of little repute in the Bordeaux calendar. The red La Missions ranged from a single bottle of the 1888 to many dozens of the 1981 and 1982.

Among the leading prices for single bottles were 1888 (£230); 1895 (£230); 1899 (£280); 1920 (£300 a magnum); 1929 (£1,050 a double magnum); 1945 (£420 a magnum); 1947 £1,050 a doube magnum); and 1982 (£370 an imperial). A case of 1953 fetched £900 and one of the celebrated 1961 went for £1,850. The top prices for La Tour were £155 for two bottles of 1955 and £130 each for magnums of the 1959 and 1961.

Edmund Penning-Rowsell

FOXHUNTERS in the 1980s are beset by obstacles, not all of which are surmountable. The Labour Party still proposes to ban the sport entirely; the "anti" lobby has shown itself very much more violent than the supporters whom it tries to disrupt. Socially, an era of town dwellers has less sympathy with what were once accepted traditions: the habit of "blooding" children with symbolic smears of fox-blood would put most modern mothers up in arms.

A few councils have discussed or passed bans on foxhunting over their farms. This particular rot began with the Co-operative stores — although they do not own land of much relevance. In return, foxhunters refuse to buy from Co-ops.

Despite these clouds on the horizon, November marks the start of a new foxhunting season and no signs of wavering among the sport's supporters. There are more hunts nowadays than in the 19th century; more than 230, from the Fells to the south western stag-coverts. In real terms horses are much cheaper than in 1972 when prices rose sharply. £5,000 still buys a superb hunter, the horse of most followers' dreams; £1,500-£2,500 is about the average unless you are unusually fat or timid; older horses with experience — but dubious lifespans — can be picked up for £500-£700.

The cost is not so much the horse as its maintenance, unless you are a farmer or have one, as I do, in the family. A horse's life at a livery stables costs between £40 and £60 a week, and some establishments are registered for VAT as well. Cost price is about half that amount, but no busy person can possibly ensure the two months of controlled exercising needed by a hunter before each session if it is to stay "sound" until the following March.

Hunt subscriptions (also VAT-taxable) range from an average £550 up to £1,000 a year — more for several days in "famous" country. In a good season you simply forget the cost—or pin your hopes of recovery on British Telecom or British Gas. Last year everybody complained after a dry autumn, followed by rotten scenting conditions and two months' impossible frost after Christmas.

This year the months of preliminary work-out, or cubbing, have been equally dry and difficult and there are plenty of horses with sore or suspect tendons as a result. Almost every pack needs rain and wet ground in order to pick up a strong fox-scent.

Two principles apply everywhere: drop everything and go hunting on a day of southerly wind and cloudy sky, and never, ever, go home early if there is likely to be a sharp frost at nightfall. Hounds run like cheetahs if the ground has become wetter and warmer than the air. Nobody fully understands the exact conditions for good scenting, although several machines have been devised to try to measure them. Prediction is as haphazard as weather forecasting. I swear by the old rule of thumb; a day when the thick thorn-hedges look black, not blue, is a day when you are likely to jump most of them behind a pack in full cry.

A DRAWING from J. N. P. Watson's new book "Lionel Edwards: Master of the Sporting Scene" (The Sportsman's Press, £18.00). The author has also just published the third volume of his "British and Irish Hunts and Huntsmen," published by Batsford. The first two were issued in 1982 and, so far, 180 hunts have been covered in these lavishly illustrated books. They are available at £35 each, or £90 for three.

Thrill of the hunt

About 50,000 people are thought to keep horses primarily for hunting: I would sell the tack if we were reduced to artificialities like those fiddly three-day events. It takes only 20 minutes at full stretch to wipe out all the memories of slow trotting, semi-black days, and hours in some beastly Forestry Commission wood.

If you have ever known such a moment you will understand why hunting, for two thousand years, has been advocated as the training for soldiers, leaders and people of decision. You have to anticipate, measure risk and take a series of rapid decisions which will probably decide your fate for the rest of the afternoon.

If 50,000 people keep horses, over half a million are reckoned to register enough interest to go out and watch. Amazingly, they spend the winter following the sport in cars. What can be the pleasure of driving frantically round country roads through long queues of drivers trying to do the same?

Nobody dares to warn off car-followers because they are, after all, keen supporters, and the sport needs all possible friends. At times I have thought that friendship has overstepped propriety, especially when we riders were all offered stiff gins, from the boots of the following Volvos, whenever we crossed a country road.

Admittedly this blatancy happened only in Ireland, where I also saw the Master dismount and ring up a nearby farmer from a telephone box before approaching the man's land. Apparently they had agreed a bargain many years before: if the Master gave warning, the farmer would shut himself up in his bedroom and ensure that he did not lose his temper in public if the hounds ran through his cattle.

Mild opponents and extreme "antis" have no taste for such courtesies and subtleties. They swear the sport is cruel and bloodthirsty, although hunting leaves no wounded foxes lingering in traps or limping from bullets, and most of the followers I have ever known are far too nervous of their horses and their hounds' next move to have any lust for blood at all. It is much more worrying that ploughing is yearly reducing grassland: some of the keenest hunting farmers are also the first to rip up turf and hedgerows, thus spoiling the sport they enjoy elsewhere.

Yet you can still run unforgettably: riding breeches can now go safely into washing machines; boots can be bought in easily-cleaned rubber and the popularisation of the drop nose-band has meant that over-keen horses can at last be controlled by keeping their mouths shut.

In the past fortnight the blackness has been coming back to the best hunt-fences. It will take more than the Co-op to break up my sport and, even so, there will be memories which nobody can tax or take away.

Alexander Christian

Gardening

Robin Lane Fox admits to some failures in his surburban patch

King Richard of the violas

PERHAPS there will have been a serious frost by the time you read this; certainly, I will have rooted up the first summer's seasonal planting in my new town garden. It seems a good moment to review its progress. There have been successes and failures, and if I begin with the successes they may spur you on to try them next year.

My suburban gold medal for 1986 goes to the small-flowered viola cornuta, otherwise known as the horned pansy. Admittedly, horned pansies had been winning my rural gold medal for most of the past 10 years, but in towns they are just as good. Perhaps your town garden, too, has narrow beds half-shaded, not drained too well and flanking a brick or concrete path, courtyard or little terrace. What can we all grow there which will flower throughout the summer in a peaceful colour and will cause no bother? These hardy perennial violas are the answer, little plants which grow into round mats of flower in a few months. The charm of the forms of viola cornuta is their preference for damp soil and dislike of too much sun.

The new king of violas is Richard Cawthorne, now at Daltons nursery in Lower Swanley Village, Kent. He sent my plants in mid-April wrapped in newspaper and elastic bands, but they have flowered continously from May until October. I particularly like the clear Belmont Blue, which is coloured like a patch of sky. It was mixed with some half-hardy fuchsias which we had kept from cuttings after they had begun life in the window boxes of my Oxford college. Any fuchsia would suffice, even if it had no academic connections; the combination of pale violet pansies and pink and white fuchsias is enchanting.

One small warning: pansies, you probably know by now, are prone to viruses. In the garden, pansy sickness seems to be spreading; so you should spray these charming plants with Benlate at three-weekly intervals during the growing season. The job is quite pleasant and brings its own reward.

My second prize goes to a traditional annual, the Flanders poppy. Its flowers are the true blood red spotted with black and having the texture of satin on stems about 9 ins high. I must emphasise that there was not a hint of miserable white in any of them.

We sowed them in boxes early in April and transplanted them directly as an edging for a sunny border. The roots are brittle but they survive a move at this early age. By late June, they had surmounted those few weeks of hot sun and continued to flower profusely until this week, when I pulled them out.

We bought the seed from Thompson and Morgan of Ipswich, and combined these proper poppies with a quiet Cosmos daisy. If you think you have outgrown this family, try the white Cosmos Purity, also from Thompson and Morgan. About 3 ft high, it belongs in the most refined white garden as well as in my humble border of poppies against a suburban fence.

The fence and the cosmos daisies bring me to a few of my first failures. Besides Purity I chose a new cosmos called Sulphur Light, thinking it would be a pale yellow. When it turned out to be a hot mustard, we had to scrap it and live with a gap. Thereupon, the fencing behind it decided to split and lurch forwards during those August gales. New to the fencing panel, I now sympathise with its many owners; even more, I sympathise with the owners of broken fencing panels.

Whatever goes into my town garden can enter and leave it only through the house. Several times, I believed that fencing panel experts would enter and leave by this route, but they were somehow too busy to remember their appointments. Until last week, they left me thinking that quite a large fraction of the unemployment problem could be solved by retraining school-leavers in the management of red cedarwood and elementary punctuality.

Viola cornuta

Evidently, nobody needs to be trained in business acumen in this field. Two new, young fencing panellers did kindly appear in a thunderstorm and tug a wheelbarrow of cement to and fro across the hall carpet and the surrounding wallpaper. It took them two hours to replace three uprights and leave me with a bill of £80.00 (plus VAT). Hit the customer first and then reassure him, they evidently learn at school: the uprights, they assured me, were a bargain at £3.25 as they would cost £3.75 anywhere else.

At least they came. What comes soon leaves and, two days later, the wind changed direction—so I now have a neighbouring fencing panel lurching off its upright in the other direction towards a lawn which my neighbours appear to mow only with the help of their one pet rabbit.

Is there some mathematical law which says that a line of 12 fencing panels, on which young clematis are trying to climb up cut-price pig wire, will never be more than 10 upright panels, with the other two poking outwards like a bad house of cards? If there is, I now understand why fencing panellers are too busy to keep their appointments. I continue to pine for rural stone walls and the good old post and rail fence.

Just like a jelly on a plate

LAST SPRING I received six tiny saintpaulia seedings growing in nutrient jelly in a sealed plastic dish, plus a small plastic seed tray filled with peat compost and a transparent lid to convert it into a miniature propagator. The idea called Propaplants, was the brainchild of Hortotec, a firm based in Aberystwith, with the assistance of the University College of Wales. The aim is to enable house plant lovers to benefit from the relative cheapness of seedlings without the hazards of seed germination in a quite high temperature. Moreover saintpaulia seed can be tricky since it is one of those rather unusual kinds which will not germinate in the dark. Whether this is really a good commercial enterprise I am not sure, but I did find the unexpected package highly intriguing and duly carried out all the instructions that came with it.

These were to transfer the seedlings from the jelly to the peat, water them in well and keep them in a warm light place. My greenhouse, with minimum temperature of 7 degs C (45 degs F) was clearly quite unsuitable so they had to go on to the window ledge in my office above the radiator, where most of the time the temperature is in the uppers 60s F (20-22 degs C).

At first I thought I was going to fail, as the seedlings made little progress, but gradually they gained speed and by early summer I was able to pot them singly and transfer them to the greenhouse, where they grew into sturdy plants. Now they are back in the house on various window ledges and are beginning to flower nicely.

It is not the first time I have grown saintpaulias but in the past I have always found that after growing well for a year or so, they would suddenly collapse and die for no very obvious reason. So I decided to go and consult the most famous saintpaulia grower in Britain because I had wanted to see his African Violet Centre beside the A17 just west of Kings Lynn, Norfolk. He is Tony Clements who, in 1970 decided to give up his work as a parson and seek a new career growing saintpaulias. He chose them because he had several years experience growing them in his own small greenhouse, and felt he knew enough about their peculiarities to tackle commercial cultivation. He obtained an old glasshouse nursery and concentrated on the wholesale market.

For a while all went well but then rising oil prices began to eat into profits so severely that he looked around for higher prices in the retail market. He visited the US several times, came home with scores of new varieties not previously seen in this country, and began to stage saintpaulias at flower shows. His first Chelsea Show exhibit was in 1979 and he has never looked back. Today he exhibits from spring until autumn at all the major shows in Britain and sells 93 per cent of his annual production of about 400,000 plants to amateurs, only 7 per cent going to the flower markets. He also sells a lot of saintpaulia seed and continuously raises new varieties.

As I expected, Tony Clements blew sky high all my ideas about saintpaulia cultivation. Plants collapsed not because of grey mould disease, as I had supposed, but through drowning. Everybody overwatered them and the roots eventually gave up for lack of air. The right way was to stand the pots for two hours in 1-2 in depth of tepid water and then give them no more until the leaves actually began to lose their plumpness and flag. It sounded dreadful but he assured me it was right.

He considered saintpaulias useless for greenhouses unless one was prepared to maintain temperatures in the upper 60s throughout the year. They would be all right with warm house orchids such as cayleyas, dendrobiums and phalaenopsis, but not good at all with pelargoniums, fuchsias or begonias.

The plants must be well fed with a high potash fertiliser. Phostrogen tabs was his recommendation, one tablet per plant every eight weeks, but a high potash tomato fertiliser would do equally well, but this needed to be used more frequently.

Though saintpaulias cannot stand strong sunshine, which scorches their leaves, they do need good light to keep them flowering, at least 800 ft candles for many hours each day. Give them this and keep them warm and they will bloom forever. Let the light drop too much and no more flower buds will be formed. Tony Clements pointed out that saintpaulias grow wild in Tanzania, close to the equator, where day length differs little throughout the year. He also told me that in Tanzania they can be found at altitudes from zero to 7,000 ft and agreed that forms collected high up would probably be tougher than those from sea level.

The notion of giving precise light intensities for plants is commonplace in America but unusual here. Light meters for use with plants are available, or a photographic light meter can be used with a conversion table but for most purposes it is sufficient to understand that in winter, even on a sunny day, the light intensity close to a north facing window would be unlikely to exceed 300cf, though on the same day the light intensity in a south facing window could be 5,000 fc. So north facing windows are fine for saintpaulias in summer but useless in winter if you want flowers then. One way of resolving all these difficulties is to invest in a plant cabinet complete with its own controllable heating and lighting.

There are three main types of saintpaulias: the normal rosette forming kinds, those with longer leaf and flower stems giving a much looser arching habit and known as trailers, and miniatures with small leaves and little bell-shaped flowers. There is not as yet great variation of colour and flower form in these minis but the rosette and trailing kinds can be anything from white, pale lavender and delicate pink to intense violet purple and magenta and may be either single or double flowered. There are so many varieties, with new ones appearing all the time, that it is best either to select the kinds you like while they are in bloom or let a reliable firm choose them, according to your preference for colour and flower form.

The popular name African Violet can be misleading. Affican is all right so long as you remember that it means equatorial Africa. Violet is wholly wrong as these plants neither look much like violets nor have they any connection with them.

Arthur Hellyer

Mates in one move to Dubai

"THERE IS an astonishing intensity about chess players. To an outsider this sometimes seems ridiculous — if you look at chess objectively it's just a game, as a sport is just a sport. But at that moment it's the most important thing in your life." So says Jana Miles, Britain's top woman chess player.

Today that intensity will fill three halls in the Dubai International Trade Centre, as the opening games of the chess Olympiad begin.

Dr Miles heads England's four-woman team. An anaesthetist, in her late thirties, she finds the competition tremendously exciting. "You just can't get enough of it." Players are selected, on the basis of their ratings and performance, by a committee set up by the British Chess Federation.

Ladies English Chess Team: Sheila Jackon, Jana Miles, Mandy Hepworth and Susan Arkell

England's women are expected to do better this year, maybe winning a medal. They face a new challenge—six-hour games without a break. "It'll be hard work," says Susan Arkell. "I'm not going for the pleasure of going. It's probably the most nerve-wracking chess event. Yet it's also the most rewarding if things go well."

Two years ago, as a less experienced nineteen-year old filling fourth place—the reserve slot—she was disappointed with her result. Now, promoted to board three, the only professional chess player among the women, she takes it more in her stride. She will be following Dr Miles's advice to fortify herself with a high protein diet to ward off hunger and fatigue during the matches.

Both women find a certain amount of tension an asset. "I play better when I'm particularly nervous," Susan Arkell says. "It raises the level of my thinking, the speed of thought.

Sheila Jackson, a local government finance assistant, is the team's number two. She was 29 on the day the team flew out to Dubai, with a splendid send-off by their sponsor, Duncan Lowrie. She prepares for a chess match as if swotting for exams: at the Olympiad, once you know who your opponent will be on the day, you can study that player's past games, seeking an insight into her potential strategy.

The team's youngest member, 18-year old Mandy Hepworth, is the reserve; a spot she has had her eye on since achieving an exceptionally impressive win at a tournament in Brighton last year. Half-Chinese—her mother comes from Singapore—there is an exotic touch about her dark eyes and hair. "You may think Mandy is extremely quiet," says Robert Bellin, the team's captain, "but she has this steely determination essential for competitive success."

The team members get on particularly well. They are not prone to the rivalry and squabbling which, according to Dr Miles, afflicts the Americans and Eastern Europeans. Among the latter she has noted less than scrupulous game etiquette.

For instance, if you are offered a draw it is usual to consult your capitain before accepting, in case he wants you to play on in order to try to compensate for someone else on the team who is doing badly. But the captains from some countries do more than merely indicate whether their players should accept draws.

Faye Ainscow

How to look good below zero

Lucia van der Post

HOW TO SPEND IT

LEFT TO RIGHT
● From the Finnish company of Luhta comes one of the most popular designs this winter—the "Aqua Elle" jacket (£78), matching trousers (£66) and hat (£11.99), in a range of colourways. Luhta is a name to look out for if you are long on fashion hopes, short on finance. Find a good selection at all John Lewis Stores, Lillywhites of Piccadilly Circus, London SW1, Snow Rock of 188 Kensington High Street, London W8 or 47 Stephenson Street, Birmingham; Allsports shops all over the country, and Moss Bros Ski Shop in Covent Garden, London WC2.
● The "Biggles" look from Head—a jacket so warm and attractive that it can be worn on a country week-end as well as on the slopes. In shiny gaberdine twill, mushroom colour only, with a fleece-lined collar. £239 from Snow and Rock and other Head stockists.
● Selling fast, a high-fashion black and silver pearlised print jacket from Luhta—again, smart enough and fashionable enough to have a life after the snow has melted. £80 from Dickins and Jones in Regent Street, London W1; Ski Road Ski in Aviemore; Adamsons in Arbroath; Twice as Nice in Crewer; Sportak in Burnley, Lancashire.
● Two high-fashion numbers from Franz Klammer, both in ICI's Tactel. The man's ski-suit on the left is in a Monochrome Memphis print; the woman's outfit features a strong, dramatic black and white print. Both outfits sell for between £385 and £400 in all branches of Ellis Brigham sports and skiwear shops.

SKI CLOTHES today have as much dash and flair as a high-profile designer label, as much cheekiness as a Tina Turner number, and they incorporate as much technical know-how as a space-age shuttle. The best ski garments would be as much at home probing a lunar landscape as skimming the powder in the Rockies. For ski clothes have to do more than just look pretty — they have to keep out wet and cold in temperatures that can plunge way below zero; they have to provide warmth without bulk; and on top of all that they have to look fashionable, too.

They have come a long way since the days when Michelin Man and his mate seemed to roam the slopes in herd-like numbers — the days when skiing fans had to choose between looking svelte and keeping warm. It's on the slopes that synthetic fibres and R and D really come into their own. Between them they have come up with fabrics and finishes thin and efficient enough to please the fashionable, tough enough to produce the high performance skiers need.

Warmth without bulk is the aim, and this year the fibre people have got closer to it than ever before. Now there are skisuits made of materials as thin as paper but also as tough and warm as an iron-coated eiderdown.

Finishes are vital, too — they should allow the skin to breathe and moisture to escape, but keep the wet out. Look out for Thinsulate Thermal Insulation used by C & A, a microfibre that gives lots of warmth but is half as thick as old-fashioned wadding. Look out for ICI's Tactel, butter-soft to the touch, tough as nylon when it comes to wear. It has been used by Austrian whizz designer Peter Steinebronn, who dresses the Austrian ski team and so should know a thing or three about practicality on the slopes.

Look out for labels like Gore-tex, Aquation, Cyclone, Entrant — all these will help the skin to breathe, letting the moisture out but not in.

Above all, take the experts' advice and aim for layers. Several thin layers, trapping as much body warmth as possible, is the way to keep cosy on the slopes—longjohns, thermal vest, two thin sweaters (or a polo-shirt and a sweater) topped by either a ski-suit, or salopettes and jacket.

This year's shapes are dramatic, still with "Dynasty" shoulders; a strong outline emphasising the slimmer waist. Fabrics and colour are what make this year's outfit stand out from last year's — bright fluorescent colours (look out for Jetset of St Moritz at Lillywhites — all bright yellow, apricot, lime green or black) or shiny, attention-grabbing jackets, pearlised or leopard-printed. Another strong look is the aviator or "Biggles" jacket, particularly chic when done by Head.

Skisuits still show staying power, but Jetset of St Moritz has introduced yet another garment into the fashion-conscious skier's vocabulary — the snowshirt. I have yet to be convinced that it is essential, but its proponents say that it can be worn under the salopette without a jacket in spring conditions. When topped by a jacket in very cold conditions it provides yet another layer. It goes on being chic après-ski, I'm told, and it will be seen this winter in many a smart nerie.

If exclusivity and top names are what you are looking for, then watch out for Peter Steinebronn and Jetset of St Moritz (both exclusive to Lillywhites in this country); for Bogner and Head; for V de V and Ellesse. But you won't get away with less than £300 an outfit.

For value for money it's hard to beat the Finnish company of Luhta, that legend of the budget-conscious skier, C & A, Marks & Spencer and a newish British company, Kit Shuss. If you haven't skied before and aren't sure if it's your scene, you would be crazy to buy anywhere else. You can buy a complete ski-suit for as little as £70 at C & A, and when it comes to all those ancillary essentials like gloves and goggles, scarves and balaclavas, all of which can eat up holiday pounds before they ever get turned into francs or schillings, the budget stores offer better value than ever.

Chilly mortals might like to note that two companies now do heated ski boots — Lange and Rachle.

Bogner steals a march on its rivals this year with the first ever heated ski-suit. Besides all kinds of devices to prevent body heat loss (these include microfibre insulation padding and thermal reflectors) it also has what the company describes as "reuseable thermal elements" which can be put into special pockets. They give out heat of up to 122 deg F (or 50 deg C) for up to 20 hours. Keeping warm at these temperatures does not come cheap—Bogner will charge you £599.99 for the pleasure.

Snow + Rock Sports (188, Kensington High St, London W8 and Trocadero Centre, Piccadilly Circus, London W1, or 47, Stephenson St, Birmingham) has a special department called The Minus 30 Degree Ski Clothing Department. It specialises—you've guessed it —in clothing for minus 30 degree conditions. Labels to look out for are Berghaus, Powderhorn Degré 7 and Descente.

Those determined to keep warm could go for one of Snow + Rock's Survival Kits: for £25 you get a fleece-lined balaclava (and in really cold conditions you will need one), thermal glove liners, a thermometer (so you can boast about how cold it really was) and a glacier face-cream pack.

Sorry to mention avalanches —they are not the stuff that jolly brochures are made of. But they do happen, and in case they do it is worth knowing about the Recco avalanche locator. This is a tag which you attach either to your ski-boot or your clothes (it weighs less than an ounce and needs no battery) and it helps rescue services locate you by responding (no, I don't know how—letters to Snow + Rock please) to their detectors. Snow + Rock sells te £10 a time.

Food for thought

The lunch bunch

THE THEORY AND PRACTICE OF LUNCH by Keith Waterhouse (Michael Joseph, £5.95) OUT TO LUNCH by Paul Levy (Chatto & Windus, £10.95)

THE ONLY thing these two books have in common is the word lunch. They are the old and new testaments of lunchery. Waterhouse preaches a good sermon in praise of the institution and is inclined to be cantankerous rather than nostalgic about its evident obsolescence.

But "lunch" is nonetheless in decline and even to want it is nowadays a sign of old fashioned taste, although a taste widely shared. It appears that when the computers went phut in the middle of the Big Bang, everybody suddenly went out to lunch and the city restaurateurs stopped planning their retirement to put on a show fit to warm the cockles of Waterhouse's heart.

People probably even uttered the hallowed formula "Do you think we could manage another bottle," by which he sets so much store. But these Big Bang lunches would not really fit by his criteria, by which any lunch is irretrievably ruined by any suggestion of work, timetables, for two o'clock appointments.

He draws rigorous distinctions between what goes on at lunch and what goes on at dinner, and clearly it's lunch he likes best. And the best of British, Keith.

Levy's book is a different menu altogether. He is, of course, the original self-designated foodie and in bringing out a book of miscellaneous essays on food topics rather than a more specific thesis, he is scaling the heights occupied by Elizabeth David and M. F. K. Fisher.

Not to mention Brillat Savarin, who wrote his "Meditations Gastronomiques" long before the shelves groaned with lavishly illustrated cookery books. The only illustrations in Levy's book are some rather quirky photographs of the author, looking round-faced but not actually tubby. When he does get a bit worried about fat he is off to Eugénie-les-Bains to be a curiste and eat the menu minceur chez Guerard, whence we have his agonised diary which reads like the notes of a lion in the zoo forced to make do with the occasional tisane of lime flowers.

Having read him in Harpers and Queen, A la Carte and the Observer, I had always thought him, although very clever and well-informed, a bit of a smarty about food. When a man exalts GaultMillau over Michelin I know what to think. These essays prove me wrong.

Well-informed he certainly is. Every gastronomic summit from the birthday of the Hong Kong Mandarin to the Davidson Seminars at Oxford find him in the thick of the action, nibbling his way through what must be (editor, please note) a legendary expense account.

Elsewhere he is writing about American Sandwiches (and quite correct in the matter of toasting the bread for a BLT) and Waverley Root—not, as you supposed, an invention of Wodehouse but apparently a good old guy—and the dreaded topic of fires in the kitchen. He is as heartily disparaging if "raspberry vinegar with everything" as anyone could wish to be.

And so, since he has no recipes, his book must have the intention to make our mouths water.

It certainly does that and has the happy trick of making us hanker for the most awful things as well as the obvious winners. He even contrives to make breakfast in Moscow appetising. His vigorous rubbishing of the food in Israel has by contrast the finality of a steamhammer.

So what will happen when Waterhouse and Levy sit down to lunch? Let us hope Levy chooses the food because Waterhouse does not seem terribly bothered about that and might even find undue attention to it a bit embarrassing. But that, above all, is where he is wrong.

Peter Fort

A staircase landing transformed by plants

Inside greenery

FOR MANY of us the only sort of garden we're ever likely to have is an indoor one. And even those with outdoor versions lovely enough to inspire a gleam or two in the eye of a Gertrude Jekyll or a Lane Fox might like to expand the area for their green fingers to work on. Extending the garden indoors is not only a way of having some contact with living, growing plants, it is also one of the most stunning decorative aids at our disposal.

Nobody knows this better than John Brookes, who has been planning gardens and running a school of landscape and garden design for many years now. Here he devotes his considerable visual skills to showing us just what plants and greenery, leaves and dried flowers, berries and grasses can contribute to the overall warmth and decorative interest of rooms and houses.

It is, as the jacket puts it, a cross between a house plant manual and a decorating book. Even those whose fingers never tangle with soil or fertilizer will find in it a host of ideas that they will long to put into action.

Whether you live in a grand mansion, a country cottage, or a simple attic, John Brookes has ideas to match the mood. Turn to it for ideas on arranging flowers, for advice on drying your own flowers for ways of adding colour and drama to an otherwise bleak room, for practical advice on keeping your house plants looking better and living longer. If you're lucky enough to own a sunroom or conservatory he has ideas aplenty for how to make it look verdant and lush. If you have a kitchen dresser or an entrance hall that looks less well than it might — turn to John Brookes for advice. The book is a visual delight — but a practical manual as well.

The Indoor Garden Book by John Brookes, published by Dorling Kindersley, £14.95.

L. v.d. P.

Collecting

Humble pin-ups

IT IS sometimes refreshing to leave the big-time big-business world of the international salerooms for humbler regions of collecting—to turn, for instance, to the portentously titled new *Official Badge Collector's Guide* (Longman, £12.95). "If you can resist," advises its author, Frank R. Setchfield, who is also founder of the Badge Collectors' Circle, "it pays to wait until the price comes down." In 1977, skateboarding designs were very popular and often sold for 25p to 30p. By 1979, they were 10p each in one shop.

Even 10p can seem expensive when a lot of contemporary badges are given free and even more are thrown away. Badges have their big-time, too, of course: early American political badges—originally given away in hundreds of thousands—are in demand, and buttons for the 1920 James Cox and Franklin Roosevelt campaign can reach thousands of dollars. More homely, even a good pre-war Robertson's Golly can run to £15.

Of the two main varieties of badges, the more costly enamelled gilt-metal sort arrived on the scene somewhat earlier, as the elaborate cloisonné technique was mechanised in the last quarter of the 19th century. The cheaper button badge, with a printed image bonded to a tin or aluminium shell, was patented in 1896 by the firm of Whitehead and Hoag of New Jersey.

Each type has discovered its own function. Membership badges—for societies, sports clubs, trades unions—have usually been of the enamel variety; while the more ephemeral button badge served for publicity, political campaigning and commemorations.

The button badge arrived across the Atlantic just in time to celebrate Victoria's diamond jubilee and every royal occasion since then has given a new stimulus to the market. The Royal wedding of 1981 brought out extremes of levity and commitment. A "King and Di" badge gave Prince Charles a Yul Brynner head-shave while *Spare Rib* issued a button which pleaded "Don't do it, Di!"

Before the war, political badges tended to an imperialist tone. There was a long series of button portraits of Boer war generals, and electioneering badges tend to support the Tory party with war-cries like "For Home and Empire" — though Setchfield illustrates one with the more radical slogan "A worker for the workers."

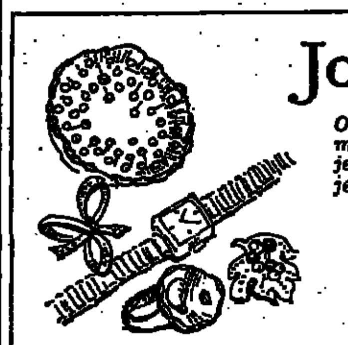
By contrast, badges in post-war years have generally represented radical and reformist campaigns—CND and other anti-nuclear movements, Women and Gay Liberation, conservation and ecological movements, animal welfare, World Wildlife. The Prime Minister has inspired a large variety of dissident badges: a best-seller for the Young Liberals read: "If Mrs Thatcher is the answer, it must be a silly question."

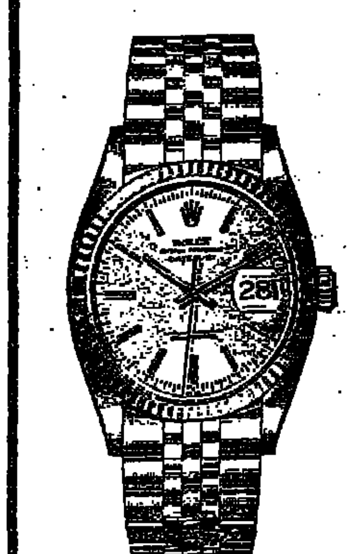
Badges were instantly seen as a potent advertising medium: some buttons commemorating the coronation of King Edward VII combine loyal sentiments with eulogia for patent boots and custard powder. The most successful of all badge campaigns, however, has been the Robertson Golly, which has been going strong for more than 60 years, despite periodic charges of racism. Golly-badge expertise involves the ability to spot the fakes of rare varieties which are already being made.

The Golly campaign points to the special appeal of badges to children. In the Twenties and Thirties, comics, newspapers, radio and cinemas organised clubs for children, each of which had its own enamel badge: the now highly prized enamel Mickey Mouse badges originated in the Saturday morning Mickey Mouse cinema clubs. The awesome hierarchy of officers which appears on old school badges—prefect, sub-prefect, team leader, monitor, rounders captain and so on—recalls the age of Billy Bunter and Bob Cherry.

Badges are social history. I admit I would never collect them myself although, like everyone else in the country, I am always coming across handfuls of things forgotten in desk drawers. How, for one thing, do you display or store them? Setchfield, who boasts 20,000 badges of his own, has a few suggestions, it is true. One style of display, which he does not however approve, leaves us with a slightly bizarre picture of the truly dedicated badge collector: "If you wear your badges on your hat or jacket fully exposed to the elements" he warns, "you are bound to end up with a rusty set."

Janet Marsh





Caterer-in-chief

FORTE: THE AUTOBIOGRAPHY OF CHARLES FORTE
Sidgwick & Jackson, £12.95. 235 pages

THE REASON for Charles Forte's bitter six-year struggle for control of the Savoy Group of hotels—a struggle that is still going on—becomes slightly clearer from his newly published autobiography. Lord Forte, chairman of Trusthouse Forte, has found his destiny seemingly intertwined with the Savoy ever since his father moved from Italy to Scotland to run the aptly-named Savoy Cafe in Alloa.

The real Savoy restaurant was subsequently the place Forte, now 78, chose to propose to his wife Irene during the war and it was in the hotel itself that the newlyweds spent part of their honeymoon. After the war, Forte served on a Whitehall committee to bring about the end of rationing with Sir Hugh Wontner, former chairman of the Savoy Group.

Forte, who worked his way up from a milk bar in Fleet Street to head Europe's largest hotel and catering group, reached the conclusion in 1980 that the Savoy could be far better managed and earn considerably more profits than it was doing. But he denies that it was sheer ambition that drove him on to crown his rise to fame and fortune with owning the Savoy. "I don't need the Savoy group to crown my career," he writes. "I have enough already of which to be proud and I have always been more interested in substance than in appearances. I have already made a tiny mark, but a mark nevertheless, in this great country."

But the Savoy's owners, protected by a complex defence system built around family trusts and non-voting shares, were not impressed with Forte's reputation for running motorway service areas and airport catering. Despite owning a 70 per cent stake in the Savoy Group, Forte is still denied control of the company. "We are treated with hostility and our interests are disregarded," he claims in his book.

Although he does not quite say it in so many words, Forte clearly feels he has been unfairly snubbed by the Establishment; a feeling, perhaps, that the Italian immigrant made good does not deserve to capture all the glittering prizes of the hotel business.

Forte's account of how he started out as a young man in the catering trade and built up his company from scratch is, unfortunately, rather superficial. The impression gained is simply of an inevitable road to fame and fortune, built up almost entirely on the back of borrowing capital at every stage along the way. The dramatic changes in British eating patterns in the 1950s and 1960s are given scant attention.

But Forte's record of his business life comes alive when he reaches the account of the acrimonious boardroom power struggles in the year after the merger with Trust Houses in 1970. "I do not wish to blame any one individual for wrecking what began so promisingly: the truth is that there were deep differences of management philosophy and style, exacerbated by incompatibilities of temperament," he writes. One suspects that the temperament may have been incompatible on both sides, although Forte's account of the wrangles suggests otherwise.

Forte's battles with the Trust House directors in the early 1970s and the dispute in the 1980s with the Savoy directors stand out as the chapters of interest. These are interspersed with rather tame anecdotes of the rich and famous men and women he has encountered as well as several passages setting out the Forte philosophy for management and getting to the top.

"I have always imbued my people with the spirit of the enterprise by talking to them," is one such example. Another homily is that "management by common sense means that you do not have constant meetings."

Forte's entrepreneurial efforts have made him a very wealthy man and, not surprisingly, has created some enmity. But he feels "no moral qualms about having become rich." Even so, he muses about whether or not his path would have been made any smoother if his name had been Fortescue rather than Forte. "I don't think so" is his honest, but probably naive, conclusion.

David Churchill

Post-mortem time

DESCENT TO SUEZ: DIARIES 1951-1956
by Evelyn Shuckburgh. Weidenfeld and Nicolson. £14.95 380 pages

CUTTING THE LION'S TAIL: SUEZ
by Mohammed Heikal. André Deutsch. £12.95 228 pages

THE SUEZ AFFAIR
by Hugh Thomas. Weidenfeld and Nicolson £5.95 (paperback) 253 pages

THESE THREE books on Suez are written from sharply different points of view. In Evelyn Shuckburgh's perspective is that of the Foreign Office, Mr Heikal's of an Egyptian journalist and close friend of Nasser, and Hugh Thomas's of a historian re-publishing his 1966 volume with a new retrospective introduction and little other change. But they all amplify, rather than alter, the verdict of history that Eden's Suez policy was a colossal miscalculation which damaged Britain more than anything else. Hugh Thomas, as well as the other two, regards the charge of the Anglo-French-Israeli collusion as "now proved." Shuckburgh wrote at the time (November 1 1956): "There was the fullest collusion with the Israelis."

How were such gross errors made? Shuckburgh, writing an excellent diary evening by evening as "a consolation for the daily stresses of the job" was private secretary to Eden as Foreign Secretary from the autumn of 1951 till May 1954, then in charge of Middle Eastern Affairs at the Foreign Office till June 1956, and thereafter senior instructor at the Imperial Defence College. As a loyal private secretary, he was much more favourable to Eden at the Foreign Office than after he became Prime Minister in 1955.

His diary tells a story which, despite some gaps, is absolutely frank. It recognises Eden's skill at his best as a negotiator and his major diplomatic successes. But it also reveals him as suffering in these years from three personal frailties: chronic illness causing periodic insomnia and for a long time not properly diagnosed; an obsessive desire to succeed Churchill as Prime Minister without more delay; and an unstable temperament which led Shuckburgh at moments of frustration to describe him as "terribly vain and egocentric" and again "petulant, irrelevant, provocative and at the same time weak."

The impatience to succeed Churchill was barely controllable as early as 1952. Their relations in 1951-55—and Jock Colville's diaries already published confirm this — were much worse than outside observers realised at the time. Churchill never really liked Eden's agreement of 1954 with Egypt for British evacuation of the Canal Zone — and tended privately to describe it as "scuttle."

Here fairly clearly was one secret of the tragic Suez blunder. A senior civil servant remarked to me during the Suez crisis that we were all at risk from a weak man trying to prove he is a strong one." Heikal in his very informative and well-documented account records Nasser himself as writing just before his decision to nationalise the Canal Company that Eden "like many essentially weak men, was attracted by the idea of doing something violent." The physical seizure of the Canal had only been made possible by the evacuation of the military base. Eden, conscious that many Conservatives, and probably Churchill, thought the evacuation was due to Eden's weakness, was doubly determined to prove that he was strong after all.

Ironically, Heikal's story shows that in one respect Eden had a better case than he was ever able to put across effectively in the UK or overseas. For Nasser's actual so-called "nationalisation" was no act of constitutional reform carried out by due process of law, but a dawn raid, here graphically described, in which the Company's offices and other assets were seized by military force. In retrospect one can see that if Eden had mainly concentrated on this aspect, and demanded proper compensation and freedom for Canal users, the result might have been very different.

Another contributor to his growing exasperation was, on the evidence of all these accounts, the self-righteous John Foster Dulles, wobbling this way and that throughout the story. He wanted at the same time to keep the Soviets out of the Middle East, to appease the Zionist lobby, to show solidarity with a Nato ally, and to protect American oil supplies. It was not the finest hour of the US either.

Viewed from a longer perspective, however, as any reader of these three books can discern, the historical tides running in the post-war world in the Middle East were such that, whatever Eden, or Nasser, or Dulles or Ben-Gurion might do, the control of the Middle East by Britain or Western Europe was bound to give way. The swelling force of Arab nationalism and Moslem revival, exacerbated by the foundation of Israel, had made this inevitable, as the Americans have learnt since. Britain, which in 1918 appeared as the Arabs' liberator from the Ottoman Empire, had now become in Arab eyes the accomplice of colonialism and Zionism. The change could have been handled without—as Eden did—alienating simultaneously the Arabs, the US, the Commonwealth and the domestic opposition. But it could not have been prevented.

Douglas Jay

Wife of Sakharov speaks

ALONE TOGETHER
by Elena Bonner. Collins/Harvill. £11.00 270 pages

THE DOOR of Apartment 3, 214 Gagarin Avenue, Gorki, has once more closed on Elena Bonner. In June this year she returned to be with her husband, Academician Andrei Sakharov. But thanks to this book, which Mrs Bonner wrote in the US while recovering from medical treatment, the outside world has a clearer view of what life is, or at least has been like, for the Soviet Union's best known internal exiles.

In seeking to isolate the Sakharovs, partly from fellow Russians but mainly from the Western press, the Soviet authorities have used the traditional Russian remedy for dissidents—internal exile in a city off limits to all foreigners. Gorki is one such "closed" city, I believe, for the reason (Mrs Bonner does not say so) that submarines or submarine parts are made there.

But the isolation, so far, has not been total. The original internal exile order only applied to Sakharov himself. Initially, Mrs Bonner commuted back and forth to Moscow, partly in pursuit of her application, filed in 1982, to go abroad for complex medical treatment she felt she could not get in the Soviet Union. Eventually, this activity got her formally sentenced in 1984 to five years of exile in Gorki. But hunger strikes by Sakharov—for a total of 197 days—subsequently pressured the Soviet authorities into relenting to the extent of allowing her to go temporarily to the US for treatment in December 1985.

This book sheds little fresh light on Sakharov himself, though it makes very clear the pressures on him. It is, by Mrs Bonner's admission, more about her than him.

In large part, it is Mrs Bonner's self-justificatory rebuttal of the widespread belief in the Soviet Union—initiated and fostered by the Soviet authorities—that Mrs Bonner (who is Jewish) is a pushy Zionist agent who has perverted a distinguished Academician and developer of the Soviet H-bomb into the path of anti-Soviet dissent.

The account is ambling and disconnected, perhaps not surprisingly given that the author was recovering from no less than six bypasses in open-heart-surgery. Its chief interest is in the detail of life under the all-seeing and all-filming eye of the KGB. Things (particularly drafts of Sakharov's memoirs) keep disappearing from Apartment 3, creating says Mrs Bonner, a Kafkaesque "whirlwind of moving objects." The Sakharovs eventually leave their key in the lock all the time, to prevent cack-handed agents breaking theirs in the lock. Their car becomes the butt of louts of KGB displeasure: tyres punctured, windscreen smeared.

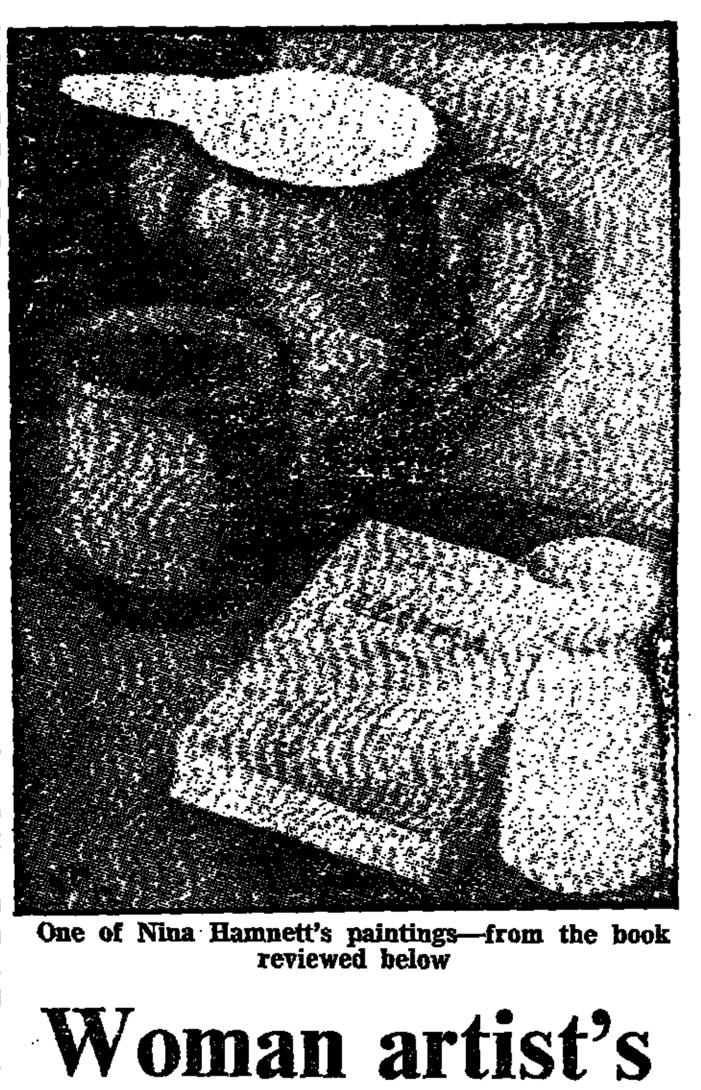
Mrs Bonner is most put out at the KGB release to the West of doctored film to show that Sakharov is in fine fettle at various times when he has in fact been on hunger strike or being force-fed. Indeed a main point of her book is to warn the West that such film could be used to mask the death of one or both of them.

But perhaps among the KGB gumshoes there is a closet sympathiser with the Sakharovs. Mrs Bonner relates that when last year, unknown to all except her KGB guards and the local visa office, she got permission to make her US trip, someone had written "Bravo, Congratulations" in the snow on the car windscreen. She also relates that a Moscow judge suggested that one day the authorities might rehabilitate her and her husband.

This seems most unlikely. Sakharov is the one dissident the Kremlin will not let go; it is equally frightened of him dying in their "care," hence the force-feeding. In fact, after he had earlier applied to emigrate, Sakharov accepted in a statement only last year the ban on his leaving the country "since I did in the past have access to especially important secret materials of a military nature, some of which might still be of significance even now."

This, he goes on to say, "does not mean that I accept my exile and isolation in Gorki as being legal."

David Buchan



One of Nina Hamnett's paintings—from the book reviewed below

Woman artist's miserable life

NINA HAMNETT: QUEEN OF BOHEMIA
by *Denise Hooker. Constable,* £15.00. 288 pages

IN 1913 the young French artist Henri Gaudier exhibited some of his works at an exhibition at the Albert Hall organised by the Allied Artists' Association. Another exhibiter was an aspiring English woman painter, daughter of a disgraced army officer, Nina Hamnett. They met, expressed admiration for each other's work, and decided to see each other again: soon an attraction arose between them, much to the anguish of Henri Gaudier's Polish mistress, Sophie Brezka, whose name he would eventually couple with his own before his tragic early death.

Gaudier used Nina Hamnett as a model. He made two sculptures of her, one, The Dancer, captures her long thin form with arms uplifted in movement, the other, Torso of Nina, cuts off the arms and legs completely and in classical Grecian style freezes her superb figure in timeless perfection. It was this work which prompted Nina, when she came to write her memoirs of her salad days in London and Paris, to call them Laughing Torso.

Admirers of that book (now happily reprinted as a Virago paperback) and of her later *memoirs, Is She A Lady?*, have hitherto suffered from a sense of frustration. The memoirs convey the mood of a vanished time with great spontaneity, but they leave so much unanswered.

Who was this woman with her great gift for seizing the essence of another human being, both in words and line? Where did she come from and what happened to her after that belle epoque was over? The curiosity to know more about her was compounded for anyone who, wandering into one of several Soho public houses in the late 1940s, particularly one called the Black Horse, would invariably see an elderly crone in a cloche hat, speaking with the traces of a cultivated voice, which was in odd contrast to her foul-mouthed tirades. My introduction to Nina Hamnett was in this sad guise. She had become a legend by then, but an infinitely pathetic one.

Now, thanks to Denise Hooker, the thirst of curiosity, held in abeyance for all those years, is slaked at last with the publication of *Nina Hamnett: Queen of Bohemia.* The fruit of wide reading of both published and unpublished recollections, and of interviews with elderly survivors, the book provides a disciplined, chronological sequence of fact in which to place, not only Nina's writings but her paintings with which it is generously illustrated.

Some of the best of these were on show in London recently at the Michael Parkin Gallery in a retrospective exhibition timed to coincide with the appearance of the book. On exhibition there were the portraits of people whose fame has barely survived, such as Rupert Doone and Anthony Butts. From the book we learn how Nina came to know these young men in Paris, the former a dancer for Diaghilev and friend of Cocteau, the other the dilettante brother of the novelist, Mary Butts.

In those days when she was in the orbit of the truly great, people like Brancusi, Modigliani and Raymond Radiguet, Nina had everything going for her. But she showed signs even then of failure to form any fulfilling relationships—she made one disastrous marriage to a quarrelsome Pole which simply petered out — and after that, although she had hundreds of casual affairs she never found real happiness with anyone. Her permanent station was the bar-stool; at least she always had her cronies and people from whom she could expect to be bought a drink. It is not a pretty story, but it was one that had to be told, and Denise Hooker has unfolded it with genuine sympathy and admiration for her heroine.

Anthony Curtis

Mediaeval to modern eyes

FAITH IN FAKES
by Umberto Eco translated by William Weaver
Secker & Warburg. £15.00 230 pages

ART AND BEAUTY IN THE MIDDLE AGES
by Umberto Eco translated by Hugh Bredin. Yale U.P. £6.95 131 pages

EMPTY OUT the rag-bag of modern consciousness, and what do we find? Blue jeans, wax-works, football matches, pop festivals, reproductions of Leonardo's Last Supper and, always and everywhere, the messages passed on by television, whose impact is purest when we are not watching anything at all—just mere television, the flickering continuum.

Such things are the content of Umberto Eco's collection of essays, Faith in Fakes. He is a remarkable novelist, but also a philosopher, concerned with the problem of communication and aware of the relativity of our judgments in the mobile world of which we form part. His view of the bizarre collage of themes juxtaposed in the late twentieth-century sensibility is complex and ambivalent. Eco is an intelligent and deeply cultured observer, not above teasing his reader, not above boring him even (phrases such as "stereotyped intertextual frames" in an essay on the 24 film archetypes to be found in Casablanca are a severe test of attention). His tone is often ironic, sometimes whimsical; his discourse easily evades our expectations.

For instance, it is not astonishing that Eco, a distinguished mediaevalist, should see in the mass suicides of Jonestown or the cult murders of Manson a parallel with the flagellants or other vagrant sects of the Middle Ages. But he adds illuminatingly that these are people who crave a martyrdom which a humane society cannot grant them. In contemporary America purification through death is strictly a "do it yourself" affair. As for another form of contemporary deviance, the terrorism of the Red Brigades, Eco judges them to be "acting out a script already written by their presumed enemies." Responding to the bureaucratic structures of modern industrialism with 19th century heroics, they are doomed to futility.

On a lighter note, Eco analyses the prevalence of jeans in terms of their rigid compression which imposes upon the wearer an artificial "demeanour," a stance adopted in function of a garment. Women, he finds, have only escaped from corseted captivity to succumb to another tight squeeze. So far from symbolising freedom, jeans are a "trap of Domination." Moreover, such constriction concentrates the attention on the exterior world, making meditation difficult. Thus the armoured knight regarded the world outside him, while the loosely clothed monk could forget himself and his clothes in meditation.

Of course, a mediaeval comparison with the modern world! In his book on mediaeval aesthetics, now translated into English, Eco remarks that scholastic systems resemble the computer in their ability to answer questions never posed by their inventors. His thought is deeply rooted in his knowledge of this period, which he uses to illuminate the present. His account of mediaeval thinkers' vision of a beauty stemming from proportion and from light does justice to a system which itself generates aesthetic pleasure along with logical conviction.

It is natural for Eco to view contemporary society as a "new middle ages," with the end of the pax americana in sight and universities in the United States stemming the tides of barbarism as once the monasteries did. America is his favoured terrain. He is most compelling when he describes the pomp and circumstance of American kitsch from the Palace of Living Arts in Los Angeles to the multipled Disney World in Florida. The theme here is "hyper-reality," the desire to find "re-assurance through imitation." But his own dead-pan enumeration of clashing styles and proliferating artefacts, the mingling of genuine and fake, assumes its own "hyper-reality" which is far from "real" life. It is an experience removed from any cultural or historical order, and one senses that Eco connives at this view of an age, where wonder and disgust, appreciation and revulsion can be induced by a gigantic cultural cocktail, a jumbo draught of marvels for the thirsty consumer.

Yet Eco believes that it is our duty to keep a cool head amid the intoxications of the media. In one essay he appeals to the individual to assert his independence of judgment despite his battered sensibility. It is this sanity and liberalism of approach which make his comments on the swarming artificial life around him so valuable. These essays are about stones in the modern mosaic, but under his treatment they wink brightly, hopefully even. As for the pattern . . .

Anthony Hartley

Fiction

Kenya man's ghosts

LEANING IN THE WIND
by P. H. Newby. Faber & Faber. £9.95. 235 pages

OUTWARD AND VISIBLE SIGNS
by Julia Marion Gilbert. Viking Salamander. £9.95. 221 pages

STANDING ORDERS
by John Hooker. Collins/Harvill. £10.95. 304 pages

THE GOOD CONSCIENCE
by Carlos Fuentes, translated from the Spanish by Sam Hileman. André Deutsch. £8.95. 148 pages

THE CENTURY'S DAUGHTER
by Pat Barker. Virago. £9.95 (£3.50, paperback). 284 pages

LIFE IS ELSEWHERE
by Milan Kundera, translated from the Czech by Peter Kussi. Faber & Faber. £9.95. 311 pages

LEANING IN THE WIND is P. H. Newby's eighteenth novel. He has come a long way. He had already come a long way when Something to Answer For won the Booker Prize in 1969. I hope that this new novel, which I think is in some ways his funniest and most mature, will not get ignored in favour of books by writers both less professional and more superficial than he.

This is a corker of a novel, a comi-tragedy full to brimming, and written with a well-earned professionalism. Not a word is out of place. If anyone was about to forget Newby as one of England's leading novelists, they can hardly do so now. Lisa Muller's life is given a new impetus when she hears of Aston Hart, who is descended from Shakespeare's sister Joan Hart. But Kenyan-born Aston, whose parents were murdered *by Mau Mau terrorists* is concerned with little else but supernatural manifestations of various kinds.

This is an exceedingly satirical novel about a surprisingly various number of subjects, including even Idi Amin. Above all it is richly comic in the old Newby style that first became apparent in Picnic in Sakhara (1955). However it also has subtle undertones reminding one of the earlier Agents and Witnesses (1947). I shall read this again in a year; having now just read it, I find it hard to think of anyone better now writing fiction.

Julia Marion Gilbert is an American (she once edited The Harvard Advocate) living in England. She has lived in California, and this is the background for her first novel. The central character is a priest irritatingly called Simon Peter Frank ("a fisher of men in the Universal Church of the Light of Christ Jesus"), and the book is essentially a barrage of quasi-satirical jokes about modern Californian life and its artificiality, vulgarity, materialism and awfulness. Some of the jokes are funny, and the pace is fast; but it was all too much like the real thing for me to endure happily. There is just not enough keen edge to the satire. Still, a useful debut.

John Hooker is a New Zealander living in Australia whose The Bush Soldiers had some popular success. Standing Orders is set in the Korean War, and has reminded the blurb-writer of A Farewell To Arms, which it does not faintly resemble and which, if it had, would have been a foolish attempted plagiarism of a classic. It is not on that level, however; but it is a good, sound, expert story with a terse and moving ending.

The Good Conscience is a short early work (Las buenas consciencas, 1959) by Carlos Fuentes. It appeared in America in 1961. Although it was published after Where the Air is Clear it reads as though it had been written before. It is very much prentice work, and carries no surprises.

Much of the dialogue in Pat Barker's The Century's Daughter is excellent, and shows a fine ear. It centres on an old lady born in 1900 and on a young homosexual community worker. But, enjoy the authentic dialogue as I might, I could not get rid of the thought that this might have been composed especially for the delicate sensibilities of (to take an awful example) the Brent Education Committee. Everyone here has had short shrift because everyone else is so rottenly unlike, so to say, the Brent Education Committee, which protects minorities so assiduously that to be white is to be anti-Black, and to be heterosexual is a crime against decency (and so on). It is very artificial and drab. If only Pat Barker could forget all about what she thinks she ought to think and, instead, just put down what she sees. She has a lot going for her.

Milan Kundera's Life is Elsewhere (first published in French in 1973) now comes to us in a vastly superior translation that is approved by the author (who worked on it with the translator). No one would want to miss this delightful and often profound Czech version of the development of the artistic sensibility in the young.

Martin Seymour-Smith

Viennese vitriol

KARL KRAUS
by Edward Timms. Yale University Press. 433 pages

KARL KRAUS comes out of *fin-de-siècle* Vienna, the time and the place which gave us Freud and Adler, Mahler and Schoenberg, Schnitzler and Herzl — and of course Hitler. His magazine *Die Fackel* (the fire-brand) was a one-man show running from 1898 until the year of his death in 1936. With bitterness rather than humour, he depicted a world of crooks and hypocrites beyond redemption. Destruction on a wide scale was what he longingly anticipated. That he might himself have been part of the disease rather than its diagnoser did not strike him.

Edward Timms's study is a pioneering work, for Kraus has been too much for most people to stomach. Now the themes of his satires have been identified and labelled in beautiful packages like "Silent Heart and Sacred Garden" or "The Tragedy of the Sex." No doubt Kraus did visualise himself as an artist and poet, author of The Last Days of Mankind, an apocalyptic nightmare of a play which lasted twenty hours when finally staged in Vienna in 1980. One enduring contribution is his joke about psycho-analysis, "the illness for which it believes itself the cure."

To submit Kraus to the kind of academic treatment he receives here involves taking him at his own valuation. Those who turn their inner rage upon the world and call it satire have become all too familiar. To savage everything is to promote only one's own monstrous ego. Kraus's prose is all on the same corrosive and neurotic note, whether about local scandals or international issues. Above all, he delighted in hurting other writers.

Essential biographical detail about his childhood and upbringing is required, in order to understand why the man was so nasty. Withholding it needlessly, Mr Timms leaves his portrait incomplete, and deprives Kraus of whatever sympathy might be due to a congenital misfit. Extremely ugly, he also suffered from curvature of the spine. From his father, a Jewish industrialist, he inherited enough money to do as he liked, but also the awareness that someone like him could never pass into the aristocracy. Ashamed of his origins, he became a Catholic, and then tried to complete the disguise with incessant anti-semitism.

This lord of self-hatred could not form a family or lasting friendships. His permissive attitudes towards prostitutes and homosexuals, as well as his idolisation of handsome gentile ladies, seem to derive from deeply felt inadequacies. Mr Timms admires his pacifism in the First War, but it sounds suspiciously like a mixed dose of envy and fear.

Habsburg humbug and pomposity vanished overnight in the postwar Socialist republic, but Kraus was no happier. Nihilism like his could not be changed by mere circumstances. Towards the end of his life he made another remark for which he is remembered: "About Hitler, my mind is a blank." Mr Timms has stopped his account short of this, not surprisingly perhaps, for the denial of life could hardly be more sterile. Kraus's ego had run out on him. Only a few more years, and he would have been not just his own victim, but Hitler's.

David Pryce-Jones

Bernard Haitink at rehearsal this week — Zoe Dominic

Max Loppert talks to Bernard Haitink

High-flying Dutchman

BRITAIN'S favourite Dutchman sits in his Covent Garden retiring room looking distinctly weary. Bernard Haitink, Music Director-designate of the Royal Opera, is (in his words) "in the midst of problems at the moment"—though what those problems may be only becomes public knowledge a couple of days after the interview.

A new production of Janacek's *Jenufa* (which opens this Monday) launches his period of office; and its leading lady, the Czech soprano Gabriela Benackova, has just walked out. Rumours soon begin to fly (the most prominent of them suggests that Benackova has made the reported disagreement with Yuri Lyubimov, the *Jenufa* producer, a pretext for the real source of disagreement—a strict rehearsal schedule which neither producer nor conductor will bend so that she may get in a few guest performances elsewhere before opening night).

Whatever the real reason—and Haitink himself is staying silent on the subject—an added degree of heartfelt emphasis seems to express itself in his views on the international operatic star system:

"I hate it! I mean, what is International Opera? It's all so vague, and a bit grand as well. The difficulty is that audiences want to hear star singers—and what is a real star singer? There are some who are marvellous to work with, who really want to work" (and here he gives the name of Gwyneth Jones as a random example) "while other so-called stars don't want to work at all. In new productions you cannot operate without people able and willing to accept different views, and to work hard for them. But when you have singers who want it all quickly done—short rehearsals, go to other places and sing other roles, cash in—then everything goes mad. The whole circus is awful!"

With this in the forefront of his mind, it seems a good moment to pose the question that more than one Haitink-follower has been pondering from the time of his Royal Opera engagement was first announced. As Glyndebourne's chief conductor (since 1977, and scheduled to continue a couple more years, hence the "designate" label attached to the London office) he has up to now enjoyed an ideal operatic career—long rehearsals in blissful surroundings and conditions unaffected by international stars and their airline timetables; concentration and tranquil dedication built into the working method. Was the abandonment of it all for the hurly-burly of Covent Garden not a terrible mistake?

"It could be a terrible mistake. Time will show. I'm a man who admits if he makes mistakes, so if it is, I will admit it. But you can't play safe in your career. It's continually happened to me in mine that things came to me without my apparently asking for them—the radio job [in 1955 he was appointed Netherlands Radio Orchestra conductor at the age of 27], the Concertgebouw [whose youngest-ever principal conductor he became in 1961], jobs for which I was not fully prepared. But I'm a man who grows with the job. And after 13 years of being at Glyndebourne, an experience for which I will always be deeply grateful, there comes a moment when you want to expand. It could be that with the urge for expansion I will burn the wings that I have!"

At the same time, while all the manifold difficulties of the job are crowding in (and an inadequate *Traviata* leading lady, whose departure after opening night was reportedly at Haitink's insistence, was soon to add to them), he keeps his eyes on the positive side of the appointment.

"I believe in Covent Garden. I would not have accepted any other international opera house, because in accepting Covent Garden I hoped—and still hope—that I can help the best side of Britain to win through. I love the house.

"Im also encouraged by the marvellous singers you have here in Britain, with a marvellous mentality—many of them now international stars, lured by the German mark and the Austrian schilling, and it's not easy to get the singers I would love to have all the time. If I can discover a way to make a company idea work here again, I will do everything I can. Maybe in a changing fashion, not as it used to be, not through a contract, but I love the idea of a family feeling, people willingly giving their services to this place regularly. The problem is that we plan so far ahead, already into the 1990s. My ideal—highly risky, I know—would be to leave as many blank spaces as possible. In any case, to contract now for four years ahead: how do you know how they will sing?"

Many of Haitink's plans for Covent Garden have already been quite widely publicised—the planned new Mozart cycle (proceeding despite the withdrawal of Trevor Nunn from *Figaro*); the new or recent operas (by Birtwistle, Berio and others) that Haitink himself will conduct and in the service of which he intends to throw the full weight of his conviction and commitment; the need to find "the right team for the right work" rather than a single house producer and a house production style.

But another, more general aspiration has been less remarked upon so far: Haitink's desire to play a part in changing the perceived image of the place (or of its opera-giving half, at least). A step in this direction, he believes, will be the series of concerts with the Royal Opera orchestra "so that more people might have at least a chance to be in this beautiful auditorium." He is aware that one man can achieve only so much in this direction, but, as he himself says, with a smile, "I'm not grand—it's not my upbringing, not the way I am. If I encounter a mentality hat is grand or Establishment, I will try to throw it out of the window!"

Is it possible to read something of this into the choice of *Jenufa* as Haitink's first opera? "I don't think the choice was accidental. *Jenufa* is a great opera that is also a particular kind of opera. It's an opera of *this* time, even now. In a way it's very modern; and as I wish to open the opera house up a little bit more, the choice of *Jenufa* is a sort of gesture to show that I'm serious about it. Janacek is a happy in-between—between the experiment and the museum. That's the kind of thing I want to achieve."

South Bank savings

Antony Thorncroft reports on how private enterprise is changing the South Bank's style

IT IS six months since the South Bank Board took over from the GLC the responsibility for the trio of concert halls hugging the Thames at Waterloo. To the casual bypasser, little seems changed. A red, white, and blue sentry box has appeared on the road-side entrance. There has been a rash of banners and some liberal use of paint.

Inside, the concert halls look a bit cleaner, the staff are more friendly, the food perhaps better. There is a taxi service to whisk the audience away from the hostile exterior environment. But the programming stays the same, a succession of orchestral concerts. You might be excused for wondering what all the fuss was about, those warnings about the death of the arts in London.

But for Ronald Grierson, who heads the South Bank Board, the six months have been packed with innovations which will blossom forth in the near future. There will be covered walkways to shelter audiences and better lighting before Christmas, and next year Grierson hopes that the more unsightly existing walkways will be demolished; he has been promised the cash by an anonymous benefactor. Clumps of trees will be planted, and even more paint splashed on to brighten up the concrete wasteland.

Then he starts on the task of raising the several million pounds needed to bring to reality architect Terry Farrell's plan for the South Bank, which is built around the integration of the three halls under one giant dome, with the space in between filled with arcades of shops, bars, galleries, etc. What seemed fancies are taking on substance—and all at the expense of the private purse.

This is the deal that Grierson reached with the government and the Arts Council. They would supply enough cash to run the halls and keep them in good repair while he would get sponsorship for the exterior. In the event, the South Bank has not proved as costly to administer as was once feared. As against the original estimate of £11.5m a year, it is being operated on a £8¾m budget for 1986-87, of which £6¼m goes in running costs and the rest on maintenance. A survey is to be undertaken of the whole building, after which a five-year budget will be agreed for putting the South Bank into good shape.

The concentration has to be on the practical side because the artistic policy is out of the hands of the director, Nicholas Snowman, until the 1988-89 season: the Festival Hall is well booked until then. So Grierson and his administrative director, Richard Pulford, are pushing through minor changes, like bars in the boxes; converting the Hungerford Room into an entertainment facility for sponsors; revamping the Music Box into a medium-priced restaurant; and giving the Waterloo Room over as the new Arts Council poetry library.

But in two years' time what goes on at the Festival Hall could be very different from the routine musical diet of the past three decades. Already, a new programming approach is visible at the Elizabeth Hall and the Purcell Room, which are not fully booked and can therefore be tested for South Bank initiatives. The Elizabeth Hall will be used more as a small opera house: there were three productions this summer, which proved successful enough for Snowman to envisage annual seasons, of perhaps six weeks length, of opera performances by leading British and overseas companies.

The Elizabeth Hall will also be the home of three contrasting musical ensembles — the Alban Rerg Quartet, the London Sinfonietta, and the Academy of St Martin's-in-the-Fields, who will make it the base for their London seasons. By Christmas the Purcell Room should be showing off its new look — as a venue for jazz concerts; cabaret; and an outlet for young musicians. To some extent, the two smaller halls were in the most desperate need of a fresh approach — attendances at the Elizabeth average around 50 per cent of capacity, and at the Purcell Room even less.

In two year's time the Festival Hall will be experiencing the first of the thematic strands by which Snowman hopes to revitalise London's turgid musical diet. The first "season" will be devoted to Schoenberg and Brahms and will be pursued through the theme of "German culture now and then," with exhibitions in the foyers and films at the NFT.

In the same season Shostakovich and Beethoven will receive intensive treatment, and there will be a contemporary arts festival, with art at the Haywards, plays at the Cottesloe, and films. The three London orchestras who are "at home" at the Festival Hall — the RPO, the LPO and the Philharmonia, are expressing varying degrees of interest in playing in the festivals. Their main query is who will pay for the cost of the extra rehearsals needed for this more exhilerating musical fare — and who will pick up the tab if the audiences are not forthcoming. Grierson hopes to entice them with promotional money gathered by the South Bank's new sponsorship executive as well as cash from its own resources. He also plans more energetic marketing.

In the event, the South Bank's programming will dovetail with the Arts Council's new funding policy towards the London orchestras, under which they will be subsidised for ambitious ventures and left to fend for themselves if they want to play Chaikovsky. Snowman, too, is developing a carrot and whip approach by reducing the hiring cost of the Festival Hall if the orchestras are mounting a musical challenge but taking a bigger cut if the concert is an unexpected box office hit, thereby underwriting the risk, but sharing the success. In an attempt to raise the current Festival Hall average audience of 75 per cent, the South Bank Board is also investigating the approach of spending extra on marketing on behalf of the orchestras and then creaming off more of the proceeds if the houses rise to around 90 per cent of capacity.

Unlike the structural changes the artistic revolution has yet to materialise. But the will is there. It seems that if the government remains a responsive backer, there may be no reason why the South Bank should not prove one of the more conspicuous successes of privatisation.

Colour blind Japanese style

Christopher Lorenz looks at modern Japanese design and finds that pink is in

WHY, oh why, are the Japanese so crazy about pink? Everywhere you go in Japan, the colour shouts at you: for advertisements, hotel carpeting, restaurant furnishings, packaging and — most garishly of all — from Walkmans, televisions and other electronic wizardry for the home. Even Sony, which in the West cultivates a relatively restrained, exclusive image as the Braun of consumer electronics, indulges itself to the hilt, mucking in with down-market products from Sharp, Sanyo and the rest.

It is not just pink. Next to the pink Walkman on the shelves is invariably a turquoise version, and pink advertisements have a nasty habit of being framed in clashing turquoise. Only in carpeting—thank goodness—are you spared the dreaded combination. The two colours have also shown up over the past few years in the West, but seldom in awful partnership and by no means as strongly or as widely as in Japan.

It would be tempting, on the basis of a few famous old Japanese prints (such as the quaintly titled "Firemen's Parade and Performance on Aerial Ladders") to conclude that the popularity of the two colours owes something to their historical and cultural significance. After all, we are always told, Japan's modern design skills owe much to its ancient arts and crafts traditions.

Pink certainly has mild historical associations that go some way to explaining its popularity—it has often been deemed erotic (although in the mid-1970s it was taken up, curiously enough, as the house colour of a group of feminists). But turquoise raises fewer historical ripples.

Ardent Japan-watchers, such as Joe Earle of London's Victoria & Albert Museum, are deeply sceptical of historical explanations for the popularity of either pink or turquoise. To them, the key influence would appear to be entirely Western—and especially the work of Michael Graves, one of the high priests of post-modernist architecture.

It just so happens that two of Graves' favourite colours, which he splashes across much of his work, are pink and turquoise. Along with the even more garish hues of Ettore Sotsass and his Memphis group of designers, Graves' work appeared on the scene in the early 1980s at precisely the right time for the makers of Japanese fashions.

In consumer electronics, Sony, Sharp, Matsushita and the rest had come to the end of their first, all-conquering, push into the home. Every Japanese household had its TV (usually two of them), its stacked audio system, its clutch of radios and cassette-recorders. In the face of such saturation, the makers were looking hard for new ways to boost their sales.

Their solution was twofold: to accelerate the obsolescence rate of existing products, through the introduction of new features, and to start practising in earnest what is known in business jargon as market segmentation.

They were aided by the discovery that most of their products were being bought by men, and that the vast population of teenage girls and young women was going almost entirely untapped. By targeting products at finely-tuned segments of the market, the manufacturers began rectifying things with a vengeance.

True to its stylish traditions, one of Sony's first acts was to produce a Walkman in red—the traditional Japanese colour of grandeur and celebration. But it was swiftly overtaken by Sanyo and, especially, Sharp, which had coined the ugly but evocative phrase "new life people" to describe the sort of customers the industry was now trying to reach.

Both companies proceeded to paint their products almost every colour of the rainbow, from violet to yellow, blue to green. A similar process has occurred in kitchen appliances: pink microwaves, vacuum cleaners and fridges now abound in the younger Japanese home.

Why the dreaded duo should have caught on more widely than other colours—except perhaps red—would be inexplicable if it were not for the powerful appeal of post-modernism in partnership with Japan's particular penchant for mass fashions.

In the words of a European designer who lives there: "When the Japanese like something, they tend to grab it with both hands and do it to death."

However, the popularity of the duo could at long last be on the wane. While Sony's designers are hoping post-modernist colours will prove their staying power, Sharp's are already preparing for a change of gear. At last month's All-Japan Audio and Video Fair, the lower-priced products were still resplendent in all their familiar garishness. But the mid-range merchandise had, for the most part, lost its kitschy look and was clothed mainly in anthracite and other dark greys, plus mother-of-pearl and white and black. It was almost back to the Bauhaus!

According to Sharp, one of the main influences behind the new trend is the growing international reputation of Japan's clothes designers, who for years have majored in monochrome. If the company's theory proves correct, this will be one of the few occasions in any country that clothes fashion has had a direct effect on the design of household products.

The fact that the monochrome fashion had first to be exported to the Paris and New York clothes collections, before it attracted the attention of the Japanese appliance industry, is in no way surprising: despite its prowess in so many walks of modern life, Japan still looks to the West for consumer cachet.

If monochrome really is next in line for the all-round Japanese fashion treatment, then no one should be surprised if, in a year from now, their favourite Tokyo hotel is sporting carpets in anthracite grey. What price black wall-hangings?

Radio

Ben returns

THERE WAS more Russian drama last week, more Chekhov even, but that must wait until I have paid my tribute to another great playwright, Ben Travers, who was born 100 years ago this month. On Sunday Radio 4 played us the interview that was made for Radio 3 in 1978.

Talking to Peter King, Ben Travers was hardly silent for a moment in 45 minutes. He was endlessly funny in the unemphatic way we know from his plays and novels. "I'm a very short man," he said. "Well, not *very* short, above the average height in Wales or Japan." He wrote his first play, *The Cat Did It*, at the age of eight, but wrote no more until after the first world war, during which he was a pilot in the RNAS. Then he began to write novels, and turned them into plays, with more immediate fortune than young playwrights usually have: *The Dipper*, his first play (adapted from a novel) ran eight months at the Criterion. He was taken up by Tom Walls; the rest is theatrical history.

There was much wisdom in his talk as well as humour. Tom Walls told the players in the Aldwych farces: "Don't be funny"; advice that players in Travers' farces and others should—but seldom do—remember.

On his gravestone Ben wanted the words, "This is where the real fun starts."

Radio 4 is to run a short season of his plays, beginning characteristically with *Mischief*, which is not a play but an adaptation of a novel. You may hear it this afternoon.

While I am on about modern English drama I should say a word about the current Sunday serial on Radio 4, which began last Sunday. I have taken the precaution of skipping through the novel it has been adapted from, so I know that it will go on as it has begun. It is called *A Matter of Honour*, by Jeffrey Archer, and deals with the search for a mysterious icon which was slipped to a British officer by Hermann Goering while that functionary was awaiting trial in 1945.

Even in the first half-hour instalment the story seemed to me to contain too many improbabilities to be taken seriously; they are not helped by dialogue containing such lines as, "A soldier visits death too many times not to recognise him when he returns the call." (My generation will recognise Mr Archer as the Sapper of our day.)

Chekhov's short bravura playlet *Swan Song* was worth reviving (it was recorded over 20 years ago) so that we might hear Wilfred Lawson in the part of the drunken actor. He wakes in an empty theatre after a party celebrating his benefit performance, and reviews in his mind the value of all he has done in the theatre. An effective play, effectively played.

On Tuesday the Russian drama moved on to Maxim Gorky. *Vassa Zhelyeznova* is about family quarrels. A builder's merchant (this was in 1910) is dying, and sons, brothers, in-laws and—most of all—his wife are in dispute about how the business is to be carried on after his death.

Gorky has created a very unlikeable family, and they were excellently played in Matthew Walter's production. Vassa was the wife, a tough woman with little sympathy for anyone who did not live up to her standards, but an honest determination that no one should be done down.

In what part of Russia the scene is set we are not told, but it was a region where death was taken very lightly. A most interesting play, I thought, and Billie Whitelaw's playing of Vassa was outstanding. In the end, she gets the whole business for herself, but the children come to live with her. "Never be any rest for me," she reflects.

B. A. Young

Records

Big and bold

Rakhmaninov: Piano concerto no. 3. Vladimir Ashkenazy, Concertgebouw Orchestra/Haitink. Decca 417 239.
Chaivovsky: Piano concerto no. 1 in B flat minor. Barry Douglas, London Symphony Orchestra/Slatkin. RCA RL 89968.
Chaikovsky: Piano concerto no. 1 in B flat minor. Andras Schiff. Chicago Symphony Orchestra/Solti. Decca 417 294.
Grieg: Piano concerto. Schumann: Piano concerto. Jorge Bolet, Radio Symphony Orchestra Berlin/Chailly. Decca 417 112.

At first hearing — and indeed at second and third hearings, for the first impression is far from skin deep — Ashkenazy's is a very fine new version of one of the most recorded of all 20th-century concertos. The orchestral sound is particularly impressive: big and finely coloured, dominated by the richness and density of the Concertgebouw's splendid strings.

Ashkenazy himself is on sparkling form: he is no heavy-weight pianist, and in the recording studio he has the advantage of studio balancing. The resonant and weighty, but never solo presence on this disc is obtrusive, and the balance is exactly right.

Together, Ashkenazy and Haitink open out the climaxes of the first movement to an almost Sibelian breadth — the air is rarefied, and the vista is one of leisurely, quite unmanic, grandeur. The impulse is exterior rather than interior; the melancholy is the melancholy of grand (and rather pleasurable) solitude, rather than the melancholy of self-doubt.

Ashkenazy chooses the bigger and bolder (and probably the first composed) of the two alternative versions of the first movement cadenza — even though Rakhmaninov himself used to perform mainly the other, more mercurial, cadenza. Ashkenazy's choice makes dramatic sense, since it is in the cadenza itself that the movement reaches its climax.

His command of the rapid tempo gear-changes and shifts of perspective in the Intermezzo is faultless; the finale is a riot of colour, dominated by the Skryabinesque of deep red and deep purple.

All in all, it is a performance with no significant failings, and many impressive virtues. It is not sentimentality, however, that sends me back time and again, after hearing each new version of this concerto, to listen to the three recorded versions which to my ears have never yet quite been surpassed —for it is their toughness, and their very lack of any trace of sentiment, which refreshes most of all.

Two are by Horowitz: the marvellous account he recorded in 1951 with the RCA Victor orchestra and Fritz Reiner; and the later, quite different but equally gripping performance he recorded with Ormandy and the New York Philharmonic in 1978. The third is by Rakmaninov himself, recorded with the Philadelphia under Ormandy in 1939, and which for all its primitive sound quality and its textual shortcomings — the composer uses his own insecure "performing version" with many unfortunate cuts — has a fierceness and a virility, and a magical bittersweet ambiguity to its tone of voice, which no other performance I know has ever captured so precisely.

For all their advantages and pleasures, there is always the danger that recordings will lead the listener to search for and accept, even unconsciously, the idea of a "definitive" version of a particular work—and to forget that performance and performance practice is never static, always changing, and that every performance is itself a unique experiment, a unique adventure. To praise Ashkenazy while invoking wistfully the names of Rakhmaninov and Horowitz might seem to be falling into just that trap—but it is in this case rather a "definitive spirit" that I mean than a "definitive version."

The most vividly exciting, high-voltage account of Chaikovsky's B flat minor piano concerto that I know on record is still the extraordinary one which Horowitz made with Toscanini and the NBC Symphony Orchestra in 1943; and it is not the actual detail or any of the idiosyncracies of that reading, but the sparks which fly from it, and the sheer measure of its imagination and energy, which make it inevitably a kind of yardstick by which to judge all others that follow.

This new recording by the young Irish pianist Barry Douglas—who won the International Chaikovsky Competition in Moscow four months ago—differs in almost every detail from Horowitz in its approach and working: but there is an excitement and energy in the playing, and a steely grip, which unmistakably link the performance and make each in its own fashion "definitive."

Leonard Slatkin's direction is solid and attentive enough—but one is not tempted to invoke the shades of any other great performance, let alone Toscanini's. Douglas spins off slow scherzo section of the slow movement with glittering accuracy and gathers together the finale, wave on wave, with irresistible momentum. I suspect that under a more vivacious and provacative conductor he would find encouragement for still more subtle and original ideas: it is a concerto debut of enormous promise.

Chaikovsky's is not exactly the concerto one expected from a pianist who has hitherto made his name chiefly in the music of Bach and Mozart. But every pianist, even the Baroque specialist, has a Chaikovsky concerto lurking somewhere (Rosalyn Tureck made her concerto debut in the Chaikovsky): and Andras Schiff's is an uncommonly fresh and original contribution. He has the advantage over Douglas, for a start, in a conductor whose rhythmic energy is deft and tireless: Solti's accompaniment has marvellous momentum and flexibility, and the attack has characteristic punch.

Schiff is also an older and more experienced pianist, and is moved to experiment with aspects of the music which Douglas leaves largely undisturbed: a curl of phrase or an unusual emphasis here, a diminuendo or a provocative darkening of texture there. I specially liked his wistful staccato in the opening pages of the andantino, and the quicksilver delivery of the scherzo, delicately airborne. His finale has a Cherkasskian pungency, full of unexpected and original turns of phrase. Lightweight, but delightful.

The Grieg and Schumann concertos, one to a side, are an established popular coupling and these new performances, recorded in Berlin with the Radio Symphony Orchestra under Riccardo Chailly last May, find Jorge Bolet at his most generous and expansive. The sound and manner are unmistakable: resonantly top-noted, lit with a profusion of inner colours, by turns grandly reserved and shyly (if never quite intimately) lyrical. Chailly's accompaniment is exemplary. Highly recommended.

Dominic Gill

Chess Solution 646

1 R-R5 (waiting). If BxP; 2 N-B5, or if B-KR7; 2 N-Q4, or if N moves; 2 Q-B4, or if B-QR7; 2 N-R6.

WEEKEND FT

SPORT

Soccer: **Brian Bollen** on a major revival north of the border

Why Souness spells success

SCOTTISH SOCCER is alive and well, though perhaps kicking just a bit too much. While the game struggles to hold on to fans in England, a remarkable resurgence is under way up north, where crowds are certain to show a big rise this season—the latest sharp uptick in a five-year trend.

The main reason for the boom is the appointment of ex-Liverpool captain Graham Souness as player-manager of Glasgow Rangers last April. Souness had never previously plied his trade in Scotland, and was totally untried as a manager, but his arrival has had an impact akin to a Second Coming. He might not walk on water, or turn it into wine, but he has breathed fresh life into Rangers.

Rangers' average home league attendance this year is 36,500, against 25,000 last season. Even a pre-season kickabout with Bayern Munich pulled in 36,200, which contrasts with the miserable turnout of 5,059 for Tottenham Hotspurs' recent friendly against Hamburg.

Across the city the other half of Glasgow's Old Firm, Celtic, are posting an average home league gate of just under 32,000—nearly 7,000 up on last year. Premier Division attendances totalled 2.26m in 1985-86, but passed the 1m mark after just 10 weeks of the current season.

Overnight, Souness reversed the flow of soccer talent from north to south. He spent £1.62m raiding England for international centre-half Terry Butcher, Chris Woods—heir apparent to Peter Shilton as England goalkeeper — and striker Colin West. By late September, gate receipts had topped £1m from just eight games.

The spending spree has brought early success. On October 26, Rangers beat Celtic 2-1 to lift the Skol Cup in front of a crowd of 74,219. With total income from the final put at £450,000, and European games at home in the week before it, the Old Firm generated a cash flow not far short of £1m in a matter of days.

Scottish League secretary Jim Farry agrees that Rangers have boosted ticket sales, but is eager to point out other reasons why more customers have come through the gates in each of the past five years. "Basically," he says, "it is because of the spectator improvements which have taken place over the past 10 years, combined with the effects of the 1980 Criminal Justice Act banning alcohol in our stadia." The mere possession of alcohol inside a Scottish ground can result in arrest.

He also talks of the excitement generated by the competitiveness in all divisions, especially the Premier Division. But he does sound a note of caution. Outside the Premier Division there are no large crowds, while even among the cream there are sub-strata. Clubs like Clydebank and Falkirk are not renowned for their drawing power. Falkirk took more cash from two games against Rangers and Dundee Utd than in the whole of last season in Division One.

A former Scotland manager, Ally MacLeod, now back with part-time Ayr United in Division Two, agrees: "If you're in the Premier Division you're financially secure. But at Cowdenbeath recently we had a gate of just 220. The rich get richer, but part-time players are paid less than 10 years ago. If we don't get into the Premier Division in the next 10 years, it could be the end of Ayr Utd."

Another shadow across the Scottish game is the steady rise in the number of cautions and sendings-off over the past few years. Officials insist, however, this is more the result of a continuing campaign to wipe out field misbehaviour than to any real rise in crime. According to Jim Farry, the authorities have made it clear that violent and crude behaviour will be stamped out.

He dismisses as an aberration the Skol Cup final, which saw referee David Syme caution 10 players and send off Celtic's Maurice Johnston for butting an opponent. "For 86 minutes it was the most exciting Old Firm match in two decades," he says, "though the four minutes at the end did introduce a jarring note." No such attempt is being made to gloss over the case of St Mirren's Billy Abercrombie, suspended for 12 games after picking up three red cards in one match for violent conduct and foul and abusive language.

In the midst of this tartan turmoil, unassuming ex-school teacher Andy Roxburgh has been easing himself into the Scotland manager's job, vacated by new Manchester United boss Alex Ferguson after the World Cup. Roxburgh, appointed in July in preference to candidates like Billy McNeill of Aston Villa, promises nothing less than his best. But he knows that following the act of men such as Ferguson and the late Jock Stein will not be easy. "Jock Stein, in a football sense, was God. He left a vacuum that can never be filled," he says.

Roxburgh didn't even ask for the job. The thankless task of selecting the full national side has simply been tacked on to what he has been doing for 11 years—acting as technical director responsible for the national youth team and development of players from schoolboy level upwards.

It doesn't worry him that most people in England, if they recognise the name Roxburgh at all, associate it more with a small border town than with the most important job in Scottish soccer. Instead, he refutes the charges of anonymity thrown at him.

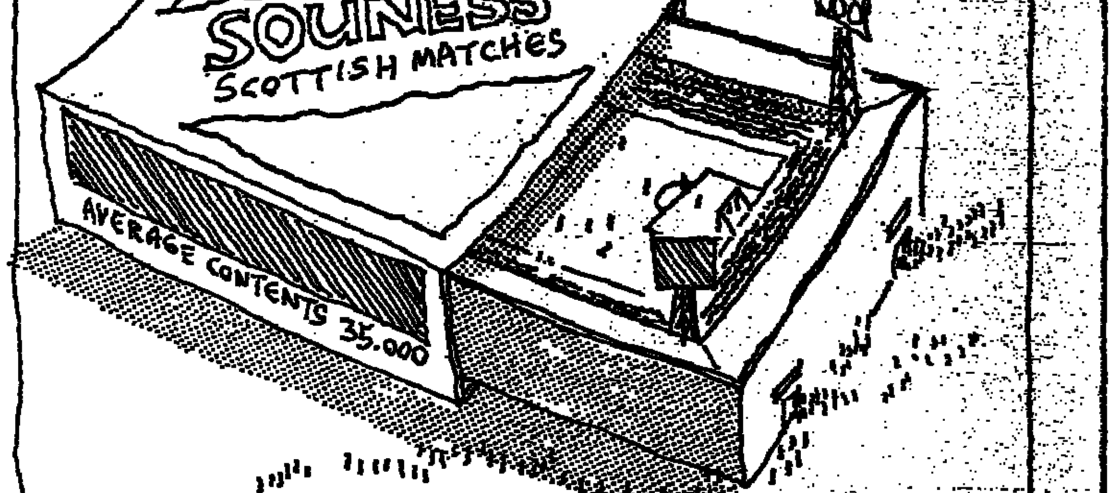
"I've played football in every continent. I've been working for FIFA in a world context for the past four or five years, most recently in Mexico during the World Cup. Being unknown is not the least bit of a problem for me. There are very few managers I deal with who don't know me." One who certainly does know him is Alex Ferguson, with whom he once formed a twin spearhead at Falkirk.

Roxburgh has been manager of all Scotland's under-age sides, and is the only Scotland boss to record a top-level tournament victory. His youth team won the European championship three years ago, with a side featuring Paul McStay of Celtic and Pat Nevin of Chelsea, both now full internationals.

The bulk of players in the senior squad were formerly students in the Roxburgh academy. Even elder statesmen like Liverpool's player-manager Kenny Dalglish have worked with him, and have reason to be grateful to him. "I'm delighted to feel I've kept Kenny on the international scene that little bit longer. He's a tremendous professional," says the manager.

Roxburgh refuses to compare himself with other managers. "I make judgments only on myself. I don't care what the media or anyone else says about me, so long as I can look myself in the mirror."

Will he continue Jock Stein's policy of deliberately deflating the fans' expectations? "I don't have a deliberate policy. I just work as a coach. Only one thing in football is guaranteed: you get the sack. It's just a matter of when."



Racing: **Michael Thompson-Noel** meets irrepressible jump jockey Steve Smith Eccles

Fences and the fear factor

YOU WONDER why they do it—what madness in the marrow makes anyone hurl himself around a racetrack booby-trapped with jumps atop anything as slitheringly precarious as half-a-ton of racehorse. But then National Hunt jockeys are a peculiar breed indeed, often risking — quite routinely — hideous injury in their search for shards of glory.

With another jumps season well under way, one of the most intelligent and swashbuckling National Hunt jockeys in action is Steve Smith Eccles, or "Ecc" as he is known in the weighing rooms of England. With only a hint of exaggeration, he has been likened to another sporting extrovert, cricketer Ian Botham—a fighter, a survivor, and an incurable adventurer. (For corroboration, watch him today: he is riding at Warwick.

Like almost all jump jockeys, Smith Eccles acknowledges that the one certainty about any NH season is that more than once in the coming months he will experience real fear. "There is no escaping it," he says. "Every jockey has his fear factor. The good ones can cope, conquer it, and carry on as if it never happened. The bad cases never do. One jockey can always see fear in another. We know the tell-tale signs. Thankfully, it is seldom obvious to anyone outside the job, and nine out of ten jockeys will give up and get out as soon as they realise their bottle has gone. The few who try to battle on are a pathetic sight to see."

What sets Smith Eccles apart from the run-of-mill jockey is that in the course of last season—when racing, as usual, was proving the cruellest kind of leveller — he found the time and energy to tape a diary which writer Alan Lee has transmuted into a just-published book, *Turf Account*, that provides an engrossing view-from-the-saddle.

At the start of the 1985-86 season, the bookies quoted Smith Eccles as 5-2 favourite ("ludicrous odds") to win the jockeys' championship. In the event, he produced 63 winners from 326 rides to finish third behind Peter Scudamore (91) and Simon Sherwood (79). The highlights of Ecc's season were a big-race double at Cheltenham on River Ceiriog in the *champion two-mile novices'* hurdle, and on See You Then in the Waterford Champion Hurdle, plus a third-place finish on Classified in the Aintree Grand National. Along the way, though, he was involved in controversy and gossip, rows and crushing falls. He experienced desperate disappointments and days of pure elation—all of it chronicled, in his book, with the modesty-cum-bravado of a Dick Francis hero

Ecc is 31, and lives at Newmarket. He has been a professional jockey since 1974, is approaching 600 winners, and says he has another four seasons left, injuries permitting. He weighs 9 st 12 lb stripped, giving him a minimum riding weight, at present, of 10 st 3 lb. "Weight is not a problem. I eat fish and chips, Mars bars, have three sugars in my tea. My problem is a sweet tooth." The son of a Derbyshire miner, he is 5 ft 8 in—a pocket battleship whose trademarks in the saddle are driving strength and great consistency. He says he makes a good living. The basic riding fee is £52.50, on top of which jockeys get 10 per cent of winnings and 5 per cent of place money.

What you would never imagine, even if you met him, is the fog of pain that all too often blots out a race as horse and rider smash to the ground, or crash through railings. "I broke my neck in 1980. I've broken my collarbone six times, plus toes and wrist. But I've had no broken legs, and no broken arms."

The misery of being crunched and bloodied is perfectly captured in his description of the outcome of a hurdle race at Nottingham last January 21. "I was out the back," says Ecc, "just concentrating on getting round safely and teaching the horse a little. One fell in front of me, bringing down two more. Suddenly, there was nowhere to go, and as I crossed the hurdle I knew we were galloping all over the prostrate jockeys. I had no clear idea who it was but I heard the crunch as we hit him, felt the shock waves shoot up my horse's legs and knew instantly that I had done the bloke some serious damage.

"As soon as I had weighed in after the race I headed for the ambulance room, and there he was. It turned out to be a young claimer called David Chinn. His silks were ripped to shreds and the doctor was busily engaged in literally stitching his ear back on."

Calamities like that do not stop Ecc savagely censoring some of the "lunatics" who are somehow let loose on English jumping courses. Sometimes, either in celebration or to ward off pain, Ecc enjoys a pub-crawl down the A1 on his return home to Newmarket.

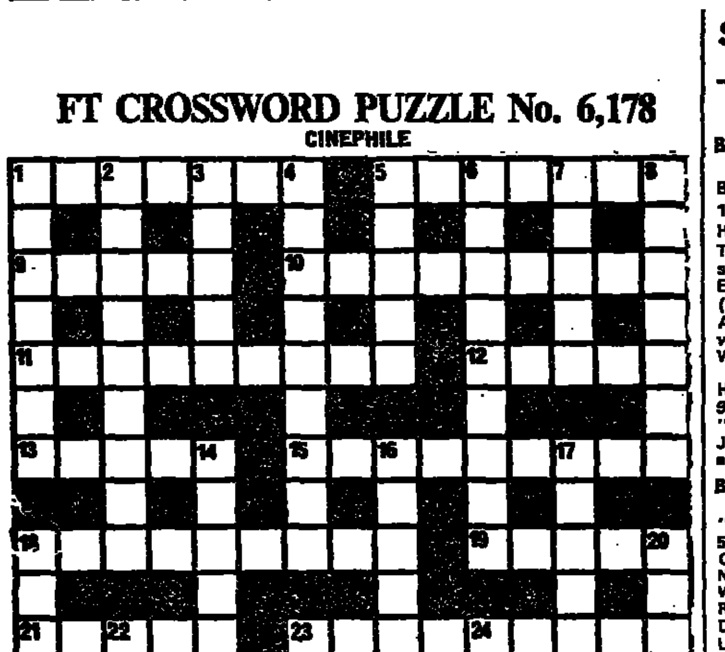
But then racing folk tend towards the manic when socialising. He recounts a "variety show of misbehaviour" involving Nick Vigors at a Guy Fawkes party in Lambourn. Vigors, says Ecc, drove a car straight through the bonfire and then leapt out, howling with laughter. Amused but appalled, Ecc remarked that the trainer must have been crazy, but Vigors retorted: "Not as crazy as you think. It's not my car!"

Retained as No 1 jockey to trainer Nicky Henderson, whose stable has been slow to strike form, Smith Eccles has so far ridden only 14 winners this season, putting him well behind Scudamore, whose cause was assisted by a 97—1 treble at Devon this week. But Ecc can bide his time. Things will pick up. I asked him whether, in common with Lester Piggott, he found that as he got older he remembered particular horses rather than certain races. "Yes and no," he replied. "What I remember are the bad bastards that ditch me on the floor."

Turf Account, by Steve Smith Eccles. Macdonald/Queen Anne Press, £9.95.

FT CROSSWORD PUZZLE No. 6,178

CINEPHILE



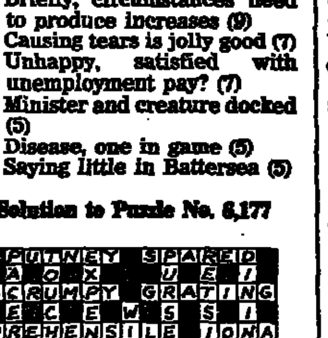
ACROSS

1,5 Eton game's footballers are up against it (5,2,3,4)
9,5 Unobserved observer puts buzzer in room (3,2,2,3,4)
10 Prototype not mincing words about ripe fruit (9)
11 Subsequent development—for the perverted, a fire left? (9)
12 Do wrong again—it will stick (5)
13 Stopped publication? (5)
15 Day church collapsed under Austrian prince? (9)
18 Settlement for Mantova, mostly, in line Northward (5,4)
19 Give up fruit? (5)
21,23 Sort of broadcast, applicatory it may be, to student (5,9)
25 Confused struggle to get fuel to go back after I'm on British Rail (9)
26,28 Ordinary characters from start of fourth millennium (3,2,3,4)
27,28 Conduct interrogation about one street with drink on border—it all helps (5,2,3,4)

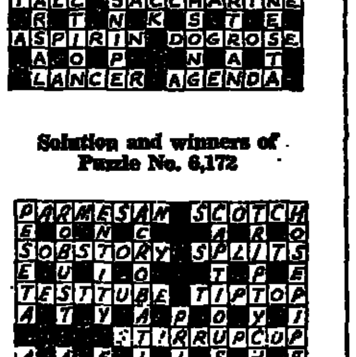
DOWN

1 Beast with colour a lot curtailed (7)
2 Fern, for example, right out of code symbol (9)
3 Boy on a river makes echo sounder (5)
4 Use bag to boil essential part (9)
5 Armistice celebration begins with real round (5)
6 Pi-eyed ram (that's wrong) once on May 24th (6,3)
7 Ram of the dreariest kind (5)
8 Hidden quality of amateur, about 10 to 100 (7)
14 Butter producing milk (5-4)
16 Narrow sort of craft, putting an ecclesiastical garment inside another (5,4)
17 Briefly, circumstances need to produce increases (9)
18 Causing tears is jolly good (7)
20 Unhappy, satisfied with unemployment pay? (7)
22 Minister and creature docked (5)
23 Disease, one in game (5)
24 Saying little in Battersea (5)

Solution to Puzzle No. 6,177



Solution and winners of Puzzle No. 6,172



Mrs J. Keene, London W8; Mr A. Matthews, Yeaveley, Derby; Mrs M. Osborne, Boston, Lincs; Mrs G. Wilson, Armagh, NI; Mr J. Wilson, Nuenen, Holland.

SATURDAY — TELEVISION AND RADIO

† Indicates programme in black and white

BBC 1
8.30 am Family-ness. 8.35 The Muppet Babies. 9.00 Saturday Superstore. 12.15 pm Grandstand including Ice Hockey (Norwich Union Cup Final) Tennis (Benson and Hedges Championship): Cricket (First Test: Australia v England): Football; Motor Racing (Shell Oil Rallysprint): Racing from Ascot. 5.05 News. 5.15 Regional variations. 5.20 Roland Rat. 5.45 Doctor Who. 6.10 Late Late Breakfast Show. 7.05 Every Second Counts. 7.40 Hi-De-Hi. 8.15 Casualty. 9.05 News. 9.20 Saturday Night at the Movies: "Looker," starring Albert Finney and James Coburn. 10.50 Bodyline. 12.15 am The Rockford Files.

BBC 2
†2.20 pm Film: "Pitfall." †3.40 Film: "Cry Danger." 4.55 The Sky At Night. 5.15 Laramie. 6.05 International Bridge Club. 6.35 Cricket: First Test. 7.00 Newsview. 7.40 Saturday Review. 8.30 Window on the World. 9.40 Rally Report 86. 10.00 Film: "A Funny Dirty Little War," starring Federico Luppi. 11.20 Tennis.

LONDON
6.55 am TV-am Breakfast Programme. 9.25 No. 73. 11.00 Knight Rider. 12.00 News. 12.05 pm Saint & Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Comedy Classic: "Please Sir!" 2.45 Ice Skating. 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Blind Date. 7.15 Saturday Gang. 7.45 3-2-1. 8.45 News. 9.00 Unnatural Causes followed by News Headlines. 10.00 The Andrew Lloyd Webber Story. 11.30 Digance At Work. 12.00 Special Squad. 12.45 am Night Thoughts.

CHANNEL 4
9.25 am A Question of Economics. 9.50 4 What It's Worth. 10.20 The Heart of the Dragon. 11.15 Treasure Hunt. 12.20 pm Isaura the Slave Girl. 12.55 World of Animation. 1.05 Racing from Newcastle. 3.00 "L'il Abner" (Melvin Frank's musical based on Al Capp's comic strip characters). 5.05 Brookside Omnibus. 6.00 Right To Reply. 6.30 The Great Australian Boat Race: The America's Cup.
7.00 pm News followed by 7 Days. 7.30 Strangers Abroad. 8.30 Redbrick. 9.00 Paradise Postponed. 10.00 Hill Street Blues. 11.00 Who Dares Wins. 11.45 Six of Hearts. †12.45 am The Twilight Zone: double bill from the American anthology of tales of the supernatural.

S4C WALES
10.30 am Union World. 11.00 A Week In Politics. 11.45 What the Papers Say. 12.00 Sam Thompson—Voice of Many Men. 1.05 pm Racing from Newcastle. 3.00 Coming Next. 3.30 Yr Wyl Gerdd Dant. 4.30 Charlie Chaplin Cavalcade. 6.00 The Great Plant Collections. 6.30 Nasser: A Personal View by Mohamed Heikal. 7.30 Newyddion. 7.45 Yr Wyl Gerdd Dant. 9.15 Y Maes Chwarae. 10.05 Yr Wyl Gerdd Dant.

IBA Regions as London except at the following times.

ANGLIA
11.00 am Captain Scarlet and the Mysterons. 11.30 Jack Holborn. 1.20 pm Scarecrow and Mrs King. 12.00 Marching Praise.

BORDER
11.00 am The Greatest American Hero. 1.20 pm Simon and Simon.

CENTRAL
11.00 am Spiderwoman. 11.30 Runaway Island. 2.15 pm Boxing. 11.30 Legends of the West: "100 Rifles," starring Jim Brown, Raquel Welch and Burt Reynolds. 1.30 am Central Jobfinder.

CHANNEL
11.00 am Otherworld. 12.00 Bob Marley at the Santa Barbara Bowl.

GRAMPIAN
11.00 am The Fall Guy. 1.20 pm Magnum. 12.00 Reflections.

GRANADA
11.05 am Tarzan. 1.20 pm Bionic Woman. 2.15 Boxing. 11.30 "Return to Macon County."

HTV
11.00 am Dreams. 11.30 Boxing. 1.20 pm Chips. 11.30 Simon & Simon.
HTV Wales—As HTV West except: 10.00 pm Cup Rugby. 10.45 Movie Premiere: "Stripes," starring Bill Murray, Harold Ramis and Warren Oates.

SCOTTISH
11.00 am Jayce and the Wheeled Warriors. 11.25 Batfink. 11.30 Captain Scarlet and the Mysterons. 1.20 The Fall Guy. 12.00 Late Call. 12.05 am Wanted, Dead or Alive.

TSW
11.00 am Gus Honeybun's Magic Birthdays. 11.05 Chips. 5.10 pm Blockbusters. 5.40 The A-Team. 11.30 The Sweeney. 12.30 am Postscript.

TVS
11.00 am Otherworld. 12.00 After Midnight: Bob Marley at the Santa Barbara Bowl. 1.05 am Company.

TYNE TEES
11.00 am Falcon Island. 11.30 Spiderwoman. 2.15 pm Boxing. 11.30 Moulin Rouge. 12.30 am Poetry of the People.

ULSTER
11.00 am The Greatest American Hero. 1.20 pm Chips. 11.30 Boxing. 11.55 Jazz Special: Stephane Grappelli.

YORKSHIRE
11.00 am Planet of the Apes. 1.20 pm Tucker's Witch. 11.30 Johny Cash in San Quentin. 12.30-6.00 am Music Box.

Stereo on VHF

BBC RADIO 2
8.05 am David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time. 1.00 pm The News Huddlines. 1.30 Sport—including Cricket, Tennis, Racing and Football. 6.00 Brain of Sport 1986. 6.30 Don't Stop Now—It's Fundation. 7.00 Beat the Record. 7.30 The Magic of D'Oyly Carte. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls. 1.00 Bill Rennells presents Nightride. 3.00-4.00 The Metropole Orchestra.

BBC RADIO 3
7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.05 Violin and Piano. 12.05 pm Cleveland Orchestra. 1.00 News. 1.05 Italian Song Book. 1.50 Ives in London. 2.10 The Schubert Piano Sonatas. 3.00 Film and Ballet Music. 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 Chromatimelodtune or An Old Song Deranged. Originals and arrangements by Charles Ives. 7.00 BBC Welsh Symphony Orchestra from West Germany, part 1: Rossini, Mozart. 7.45 The Seasons of Our Life (anthology of poetry). 8.05 Concert, part 2: Dvorak (Symphony No. 9). 9.00 Saltykov's World. 9.15 Shostakovich. Part 1: Quartet No. 9. 9.45 Russian Literary Trends. 10.05 Shostakovich. Part 1: Piano Quintet. 10.45 The Six Senses. The Barrow Poets with prose, verse and music on "the sixth sense." 11.00 Stockhausen. 11.30 Handel Cantatas. 11.57 News. 12.00 Music Interlude. 12.25 am Test Match Special.

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 8.00 News. 8.10 Today's Papers. 8.15 Sport on 4. 8.48 Yesterday in Parliament. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Loose Ends. 11.20 From Our Own Correspondent. 12.00 News. Money Box. 12.27 pm Radio Active. 1.00 News. 1.10 Any Questions? 1.55 Shipping forecast. 2.00 News: The Afternoon Play: "Mischief," by Ben Travers. 3.30 News: Travel: International Assignment.
4.00 With Great Pleasure. 4.45 The Specialist. 5.00 The Living World. 5.25 Week Ending. 6.00 News. 6.25 Stop the Week with Robert Robinson. 7.00 Saturday Night Theatre: "Blue Moves," by Mark Brennan. 8.30 Baker's Dozen. 9.30 Thriller: "Deep and Crisp and Even," by Peter Turnbull, Episode 2. 10.00 News. 10.15 Evening Service. 10.30 Soundings. 11.00 Science Now. 11.30 Radio Times Comedy Parade. 12.00-12.15 am News.

Jonathan Dimbleby, BBC 2, 8.30 pm

SUNDAY

† Indicates programme in black and white

BBC 1
8.55 am Play School. 9.15 Articles of Faith. 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 Talking Business. 10.55 Buongiorno Italia! 11.20 France Actuelle. 11.45 Telejournal. 12.10 pm Sign Extra: "Andrew and Sarah—a Royal Couple." 12.35 Farming. 1.00 This Week Next Week. 2.00 Eastenders.
3.00 pm Film Matinee: "Khartoum," starring Charlton Heston, Laurence Olivier, Richard Johnson and Ralph Richardson. 5.05 The Making of the Royal Variety Performance 1985. 5.50 David Copperfield. 6.20 Save A Life. 6.30 News. 6.40 Songs of Praise. 7.15 Twenty Years of the Two Ronnies. 8.00 Howards' Way. 8.50 News. 9.05 The Singing Detective. 10.15 Everyman. 11.00 Revolution in the Classroom? 11.30 Tennis.

BBC 2
9.25 am Rally Report. 10.15 Wacky Races. 10.25 The All New Popeye Show. 10.30 The Charlie Brown and Snoopy Show. 10.55 Blue Peter. 11.40 The Cuckoo Sister. 12.10 pm Windmill. 1.10 No Limits. 2.00 Tennis. 4.30 Rugby Special.
5.10 pm Music In Camera. 5.50 Thinking Aloud. 6.30 The Money Programme. 7.15 Did You See . . . ? 8.00 The Natural World. 8.50 Lovelaw. 9.40 Cricket. 10.05 Rally Report. 10.15 Film: "The California Dolls," starring Peter Falk, Vicki Frederick and Laurene Landon.

LONDON
6.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 Mystery at Castle House. 11.00 A Meditation on Remembrance. 11.45 Dangerous Journey. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Getting On. 2.00 The Human Factor. 2.30 News Headlines followed by the Big Match Live—Liverpool v Sheffield Wednesday. 4.30 The Return of the Antelope. 5.00 Bullseye. 5.30 Sunday Sunday. 6.30 News. 6.40 Appeal. 6.45 Highway. 7.15 Child's Play. 7.45 Murder, Mystery, Suspense: "Juggernaut," staring Richard Harris, Omar Sharif, Anthony Hopkins and David Hemmings. 9.45 News. 10.00 Room at the Bottom. 10.30 News Headlines followed by Making It. 12.00 California Highways 12.25 am The New Squadronnaires. 12.50 Night Thoughts.

CHANNEL 4
9.25 am Sunday East. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Pob's Programme. 2.30 Naseeb. 5.10 News followed by The Business Programme.
6.00 pm American Football. 7.15 Nasser. 8.15 Beyond Reasonable Doubt. †9.45 "Seven Days in May," starring Kirk Douglas. 11.55 Footsteps.

S4C WALES
9.00 am Haloc. 10.00 The World This Weeks. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm The Tube. 2.00 Redbrick. 2.30 Grampian Sheepdog Trials. †3.00 Feature Film: "The Amazing Mrs Holliday," 4.45 7 Days. 5.15 The Business Programme. 6.00 American Football.
7.20 pm Newyddion. 7.30 Trabor. 8.00 Pobol y Cwm. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Rhaglen Hywel Gwynfryn. 9.35 Priodi, Geni, Marw. 10.15 Paradise Postponed. †11.10 Feature Film+ "It Always Rains on

IBA Regions as London except at the following times:

ANGLIA
9.25 am Disney Cartoon. 11.00 pm Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 5.00 The Fall Guy. 6.00 Bullseye. 12.00 Tales From The Darkside. 12.30 am Walking In The Light.

BORDER
9.25 am Border Diary. 9.30 Cartoon Time. 9.35 Film: "David Copperfield" (cartoon). 1.00 pm Farming Outlook. 4.30 The Fall Guy. 5.30 The Return Of The Antelope. 6.00 Bullseye.

CENTRAL
9.25 am Donald Duck. 1.00 pm Getting On. 1.30 Here And Now. 4.30 The Fall Guy. 5.30 The Return Of The Antelope. 6.00 Bullseye. 12.00 Short Story Theatre. 12.30 am Jobfinder.

Kirk Douglas and Burt Lancaster: Seven Days in May C4, 9.45 pm

CHANNEL
9.25 am Starting Point. 1.00 pm Les Francais Chez Vous. 1.30 The Dream Builders. 1.45 Video Club. 5.00 Chips. 5.55 Bullseye. 12.00 Comedy Tonight.

GRAMPIAN
9.25 am Disney Cartoon. 11.00 At Home. 11.30 A Touch of Music. 1.00 pm Farming Outlook. 2.30 Max Jaffa: Farewell to Scarborough. 3.00 Feature Film: "Battle for the Planet of the Apes," starring Roddy McDowall, Claude Akins and John Huston. 12.00 Reflections.

GRANADA
9.25 am Donald Duck. 1.00 pm Woody Woodpecker. 1.05 Aap Kaa Hak. 1.10 The Munsters. 1.40 This Is Your Right. 5.00 Candid Camera. 5.30 Down To Earth. 6.00 Bullseye. 12.00 Comedy Tonight.

HTV
9.25 am Donald Duck. 1.00 pm Getting On. 1.30 West Country Farming. 5.00 Mind Your Language. 5.30 Who's The Boss. 6.00 Bullseye.
HTV WALES — As HTV West except: 1.00 pm Wales On Sunday. 5.00 When The Chips Are Down.

SCOTTISH
9.25 am Cartoon. 11.00 Farming Outlook. 11.30 The Human Factor. 1.00 pm The Glen Michael Cavalcade. 2.00 No Easy Answer. 2.30 Sunday Matinee: "Buona Sera, Mrs Campbell," starring Gina Lollobrigida, Shelley Winters, Phil Silvers, Peter Lawford and Telly Savalas. 5.30 Scotsport. 12.00 Late Call.

TSW
9.25 am Look and See. 1.00 pm The South West Week. 1.30 Farming News. 4.30 Gardens For All. 5.00 Diff'rent Strokes. 5.27 Gus Honeybun's Magic Birthdays. 5.30 The Return of the Antelope. 6.00 Bullseye. 12.00 That's Hollywood. 12.25 am Postscript Postbag.

TVS
9.25 am Employment Action! 1.00 pm Agenda. 1.30 Enterprise South. 5.00 Chips. 5.55 Bullseye. 12.00 Comedy Tonight. 12.30 am Company.

TYNE TEES
9.25 am Hello Sunday. 1.00 pm Farming Outlook. 2.00 Redbrick. 5.30 Northern Life Sunday Edition. 6.00 Bullseye. 12.30 am Epilogue.

YORKSHIRE
9.25 am Donald Duck. 1.00 pm Getting On. 1.30 Farming Diary. 5.00 How Does Your Garden Grow? 5.30 Candid Camera. 6.00 Bullseye. 12.00 Sports Results. 12.05 am Portrait of a Legend: Paul Anka. 12.35 News at Bedtime.

ULSTER
9.25 am Getting on. 1.25 Farming Diary. 5.00 Fifty Fifty. 6.00 Bullseye. 12.00 Insight. 12.25 am Five Minutes. 12.40-6.00 Music Box.

Stereo on VHF

BBC RADIO 2
7.30 am Roger Royle says Good Morning Sunday. 9.05 Melodies For You. 11.00 Teddy Johnson, with your Radio 2 All Time Greats. 2.00 pm Benny Green. 3.00 Alan Dell with Sounds Easy. 4.00 Robert Docker at the piano. 4.30 Sing Something Simple. 5.00 Charlie Chester with your Sunday Soapbox. 7.00 The Grumbleweeds. 7.30 Come to the Ballet. 8.30 Sunday Half-Hour. 9.00 Your Hundred Best Tunes. 10.05 Songs from the Shows. 10.45 Brian Dee at the piano. 11.05 Sounds of Jazz with Peter Clayton. 1.00 am Bill Rennells presents Nightride. 3.00-4.00 A Little Night Music.

BBC RADIO 3
7.00 am News. 7.05 Beecham Conducts: Berlioz, Verdi, Sibelius, Delius and Brahms. 9.00 News. 9.05 Your Concert Choice. 10.30 Music Weekly. 11.15 Tatiana Nikolaeva plays Bach's 48. The Festivals. 2.40 Glazunov And Glière. 3.45 Roussel And Faure. 4.35 Scarlatti And Beethoven. 5.30 Animal Farm: Colin Tudge explores the future of European agriculture. 6.15 Liszt And The Piano. 6.50 Tamara. 7.10 Tamara And Other Caucasian Poems. 7.30 "The Golden Cockerel," Rimsky-Korsakov's opera sung in English. 9.30 Music For Cello. 10.00 The Reith Lectures 1986: "Law, Justice and Democracy" by Lord McCluskey. 10.30 Bach Arranged by Bach. 11.25 Russian Orthodox Chant. 11.57 News.

BBC RADIO 4
8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Mabel Raymonde Hawkins. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America. 9.30 Morning Service. 10.15 The Archers. 11.15 Pick of the Week. 12.15 pm Desert Island Discs. 1.00 The World This Weekend. 2.00 Gardeners' Question Time. 2.30 The Afternoon Play: "One Thing More" or "Caedmon construed" by Christopher Fry. 3.30 Talking About Antiques. 4.00 The Food Programme.
4.30 pm The Radio Programme. 5.00 News. 5.05 Down Your Way. 6.00 News. 6.15 Weekend Woman's Hour. 7.00 Pandemonia. 8.00 Bookshelf. 8.30 A Look Inside. 9.00 A Matter of Honour. 9.30 Law in Action. 10.00 News. 10.15 The Sunday Feature: The Singing Community of 1926. 11.00 Seeds of Faith. 11.15 Lost Memories. 11.45 Kane's Tales from Shakespeare. 12.00 News.